

**CONFERENCE DIPLOMACY :
AUSTRIAN MODEL**

CONFERENCE DIPLOMACY AUSTRIAN MODEL

A STUDY OF THE DYNAMICS OF NEGOTIATIONS AND
DISENGAGEMENT OF BIG POWERS

NALINI REWADIKAR

M.A., Ph.D.



MEENAKSHI PRAKASHAN

MEERUT

DELHI

PREFACE

The phenomenon of conflict is one of the distinctive features of human interaction and world politics—interaction among nations—is no exception. Conflict, being discord, is meaningful only when it is resolved, creating some sort of harmony. As Kenneth Boulding points out, it is the process of conflict towards some sort of resolution which gives it meaning. Settling disputes through deployment of physical power leading to conquest is no longer a rational solution in the thermonuclear setting of modern world politics. Some sort of reconciliation and compromise is, therefore, sought for by conflicting parties through the process of negotiation at a green table by means of argument, discussion, debate, mediation, arbitration etc.

The conflict over Austria, involving the Big Four during the decade immediately after the Second World War, is one of those rare cases which were resolved through the process of negotiation. In this process each party agreed to settle for something less than its ideal position rather than to continue the conflict. Although certain fundamental negotiating strategies and tactics of the Big Four could be identified in every negotiation situation, the Austrian model unfolds certain distinctive features peculiar to itself. Besides the crucial decision of the Big Four to take a trial step towards detente on a significant geographical location in Europe, 'Felix Austria' stands out clearly projected in this context.

This is a work undertaken as Ph. D. thesis at the School of International Studies, Jawaharlal Nehru University, New Delhi. A few difficulties experienced during this study were: the non-availability of the original minutes of some of the international conferences on the Austrian State Treaty, and the reluctance of the statesmen involved in the negotiations at various levels of the conferences to talk about these. No abstract model building has been attempted, nonetheless, all available data on the subject have been fully explored with a view to highlight the specific pattern of negotiations on Austria.

Nalini Rewadikar

ACKNOWLEDGEMENTS

I take this opportunity to express my thanks to Sri M. L. Sondhi of the School of International Studies for his constant guidance and unfailing encouragement in the preparation of the draft. I am also grateful to Professor Ludwig Jedlicka, Chairman of the Institute of Contemporary History, University of Vienna, Professor Gerald Stourzh of Free University of Berlin, Professor Hugo Hantsch, the renowned Austrian historian and Professor Oran R. Young of Princeton University for their direction and valuable comments. I am indebted to Principal M. P. Thakore of Bhagat Singh College, New Delhi, Er. A. K. Saxena and Er. M. C. Gupta of Madhav Institute of Technology and Science, Gwalior and my sister Shalini Rewadikar for their kind and painstaking help in the preparation of the maps.

I record my thanks to the Ministry of Education, Austria, whose award of scholarship enabled the collection of most of the source material at the University of Vienna. In this connection I particularly thank Dr Horn, the then Charge d'Affairs, Austrian Embassy, New Delhi, and Raoraje R. G. Rajwade, the then Indian Ambassador at Vienna, who extended all possible help.

I value with appreciation the cooperation of the staff of the combined Library of the Council of World Affairs and the School of International Studies, New Delhi and also of the University Library of Vienna.

To the Council of Social Science Research, New Delhi. I acknowledge my thanks for the grant-in-aid which enabled the publication of this book. However, the entire responsibility about the contents of this work is mine.

My heart felt gratitudes are due to a number of my friends and colleagues whose kind assistance in various ways was indispensable in the process of bringing out this book.

CONTENTS

Preface

Acknowledgements

1. Genesis of the State Treaty	1
2. Initial Policies and Planning	9
3. Draft Treaty and the Stalemate	27
4. Obstacles and Asymmetries	64
5. Negotiations through Memoranda	90
6. From Correspondence to Conference : The Conflict Resolution	113
7. Conclusion : The Emergent Pattern	136

Appendice

1. State Treaty for the Re-establishment of an Independent and Democratic Austria, signed at Vienna on 15.5.1955.	149
2. United Nations : Treaty Series	188
3. Chronology of Austrian State Treaty Negotiations	192

<i>Select Bibliography</i>	204
----------------------------	-----

<i>Index</i>	209
--------------	-----

CHAPTER ONE

GENESIS OF THE STATE TREATY

GEOGRAPHICAL AND HISTORICAL BACKGROUND

The Republic of Austria situated approximately between 9° and 17° longitudes to the east and 46° and 49° latitudes to the north, occupies a central position in the subcontinent of Europe at the crossroads of the main east-west and north-south traffic highways. The strategic Arlberg pass connects Vienna with Paris through Switzerland without crossing the territories of either Germany or Italy. The Brenner pass locates an equally important north-south railway without which, it is said, the Rome-Berlin axis would have remained simply a pair of wheels. Geographically Austria comprises parts of the Bohemian plateau, the Alpine foreland and western part of the Hungarian plain. Vienna with its surrounding region is a basin in itself.

Vorarlberg, the western most province, with well-defined sections of river valleys in the Alps is Austria's natural door on the Rhine. The Klagenfurt area, lying in the basin of river Drava, is a focus of railways to the south, the east and the west, and had been the bone of contention between Austria and Yugoslavia due to the Slav minority south of the river. Bohemian plateau divides the two great waterways of Europe, the Danube and the Elbe. The city of Salzburg, aptly called as 'Rome of North', and the surrounding province contain salt mines, which are still worked and for ages had attracted invaders from far and near. Vienna basin, the most fertile area, is situated between the Alps and the Carpathians. It had been

Europe's bulwark against the east and a gate to western Europe. It epitomises centuries of resistance to non-German advances from the lower Danube Valley and also the modern 'Drang nach Osten' of Greater Germany. This basin also lies on the great route running through north European plain via the Moravian gate into the basin itself and downwards through the Semmering pass into the Po Valley and the Adriatic. This explains the Habsburg bid to secure the control of Bohemia and the Moravian gate. The merger of Hungarian plains was a clear recognition of the fact that this whole area at the intersection of the Danubian and the Moravian routes constituted a geographical unit and was essential for the political, military and economic safety of the entire area. Geography encourages a natural merging point here but that very location made it a zone of continued conflict.

The Alps to the northwest, Carawanken to southeast and the Carpathian girdle to the northeast all lower down towards the Austrian territory forming a natural bastion. Austria also occupies a distinctive position among the Danubian states. Originating in the Black forest in Bavaria, the Danube flows on through Austria to form the boundary between Czechoslovakia and Hungary. Cutting across the Hungarian plains southwards into Yugoslavia, the river flows again along the boundary line of Bulgaria and Rumania and further north its delta goes on to form the frontier between Rumania and the Ukranian Soviet Socialist Republic. The Danube has always been 'a major route way in central Europe over which conflicting ideas, peoples and armies, have moved since time immemorial.'¹ Most of the Danubian states to the east of Austria were the territories of erstwhile Austro-Hungarian Monarchy till it was Balkanized after the First World War, by the Treaty of Saint Germain. The ruling House of this dual monarchy, the Habsburgs, were Germans racially linked to the ruling House of erstwhile Prussian Empire, the Hohenzolerns. Austria, thus, formed a natural meeting place of

¹ Alan G. Ogilvie, *Europe and its Borderlands* (New York, 1957), pp. 285-304. John C. Campbell, 'Diplomacy on the Danube', *Foreign Affairs* (New York), vol. 27, pp. 315-27.

Germans from west and Magyars and Slavs from southeast. The Brenner and the Semmering had brought Romans into the enclave as early as fifteenth century B.C. This geographical location at the crossroads of Europe made it a contact point of three great European civilizations—Roman, Germanic and Slav.²

Since the early iron age, the territory that constitutes the present day northwest Austria was an important trading centre which made it a place of contact and conflict among the ancient civilizations. The 'Hallstatt' relics in Upper Austria reveal a prosperous civilization based on salt trading in the area. The Celt invaders about 279 B.C. exploited the salt mines very efficiently and by 150 B.C. had established the kingdom of Noricum which spread over Upper Austria south of the Danube, Salzburg, West-Styria and Carinthia. Romans who had established the Province of Rhaetia in 15 B.C. over North Tyrol and Vorarlberg, gradually routed out the Celts from Noricum and stretched further east by establishing the Province of Pannonia comprising the territory between Passau and Budapest. Two powerful military camps were established at Passau (Castra Boiorum) and Vienna (Vindobona) and much emphasis was laid on military strategy rather than on trade and navigation on the Danube, and still, the great migrations of nomadic hordes of Vandals, Goths, Huns, Teutons, Slavs and Franks forced Romans to withdraw from the Danube. The Huns overran the Roman province of Pannonia but withdrew within two decades after the death of their king Attila. This was followed by the infiltrations of Slavs, Avars and Magyars from the east, Teutons from the north and Bajuvars from the west. It was with great difficulty that the Roman Emperor, Charlemagne, could drive them out by the end of eighth century. As an eastern bulwark against these invaders, he set up the 'Ostmark'—Eastern March—in the region surrounded by the rivers Enns, Raab and Drava. This Ostmark collapsed when western forces were defeated at the battle of Pressburg—Bratislava—in 907. It was reconstituted

² Federal Press Service, *Austria Facts and Figures* (Vienna, 1965). pp. 17-33.

by Otto the Great in 955, who was later crowned by the Pope at Rome, and this marked the beginning of the Holy Roman Empire.

In 976, the Holy Roman Emperor, Otto II presented south-eastern territories of his Empire to Margrave Leopold of Babenberg for his help in crushing a Bavarian revolt. A period of nearly three centuries of prosperous Babenberg rule was based on firm policy and dynastic marriages. Bohemian intervention, however, created some trouble but it was set aside in 1273 by Rudolf of Habsburg, 'an elected German king'. At the Diet of Augsburg, Rudolf was awarded the southeastern Empire of the Babenbergs which he transformed into his dynastic heritage. It was ruled by the Habsburgs till the disintegration of the Empire in 1919.

The policy of conquests and dynastic marriages aptly continued by the Habsburgs added extensive domains to the Empire towards the end of an energetic and diplomatic reign of Maximilian I in 1519. Charles V, Maximilian's successor partitioned his vast inheritance and handed over to his brother, Ferdinand I, the Austrian lands from Alsace to Hungary and retained the Spanish ones extending to Mexico and Peru in Latin America.

It was during the reign of Ferdinand I that Austria for the first time had to fulfil her mission of a bulwark against the westward drive of the Ottoman's. In 1529 the first Turkish siege was laid on Vienna by Suleiman the Magnificent, who had actually reached the gates of Vienna. Eventually, he was forced to raise the siege, but was not chased out of the entire region. Consequently, Turks occupied Hungarian plains including Budapest by 1541.

Besides this Islamic danger from east, Ferdinand had to face the menace of Protestantism in the form of Lutherianism rapidly infecting the Bohemian and Austrian Aristocracy. With the religious peace of Augsburg in 1555, he started the crusade for Counter Reformation sternly followed by Ferdinand II resulting in thirty years' war. It was left for Ferdinand III to negotiate the peace of Westphalia in 1648 to end the war at a political loss to the Habsburgs.³

³ By the terms of the Treaty Austria had to cede Alsace to France and had to abandon the idea of Catholic domain under the Habsburgs.

The Turks, who had been silent all these years, laid a second siege on Vienna in 1683 under the Grand Vaziar Kara Mustafa. The resolute population of Vienna held out against the siege once again and was promptly helped by the Polish King John III Sobieski. The Turks caught between the two fronts were forced to flee and once again Austria effectively played the role of southeastern bulwark of Latin civilization against the Ottomans. For Leopold I there was no other alternative in 1683 if Austria were to survive. However, it was left for the campaigns of Prince Eugene of Savoy, Austria's great military Commander, to recapture Budapest and acquire Belgrade, Serbia and Rumania in 1718 at the peace of Passarowitz.

The general feeling of relief at the expulsion of the Turks from the Danube basin led to an era of creative activity in Europe in literature, music and architecture. Vienna, at the crossroads of Europe became a great melting pot in which art and culture of Roman south, Slav east and Germanic north crystalized into Austrian Baroque. It symbolised a way of life based on compromise, a principle efficiently exploited by Austrian diplomacy in its dealings with the multinational Empire and its foreign relations.

Thus, the small Duchy to the southeast of western Europe, originally formed as the 'Ostmark' of Latin civilisation—roughly comprising the Russian zone of occupation after 1945—was transformed into a vast Empire from North Sea to the Mediterranean and far down into the Balkans. The reigns of Maria Theresia who inherited it in 1740 and of her son Josef II were marked with widespread administrative reforms with a firm structure based on 'consent' and numerous religious reforms in which the crime of heresy was done away with and religion became a personal affair of the individual. During this period the landmarks in foreign policy were an alliance with France brought about by Chancellor Kaunitz and a share in the first partition of Poland agreed to by Josef II.

The eastward advance of Napoleon towards Moscow at the turn of the nineteenth century had its impact on Vienna which was twice occupied by France. By 1812, however, Napoleon was forced to retreat from Moscow. Having been defeated in 1813 at the battle

of Leipzig, he was forced to abdicate in 1814. This was followed by a call to all the powers for a Congress in Vienna for European settlement at a conference table rather than on battlefields.

The Congress of Vienna held between 1814-15, though cost the Austrian treasury dear, proved to be the supreme hour of Austrian prestige in Europe. A European settlement was ultimately agreed upon and the 'Holy Alliance' was formed. It gave Europe a century of peace undisturbed by any major conflict till the outbreak of first World War in 1914. Metternich, the force behind the Congress, based his strategy on peace, stability and the preservation of the status quo by maintaining balance of power in Europe. The middle of the nineteenth century, however, witnessed the rising Prussian power under the able guidance of the iron Chancellor Prince Bismark. After defeating Austria-Hungary at the battle of Sadova in 1866, Prussia moved on to strike the Dual Alliance with Austria in 1879. The Congress of Berlin a year earlier allocated Bosnia and Herzegovina as mandates to Austria. Italy joined the Alliance in 1882 making it a Triple Alliance against France and Russia.

In 1908 Franz Josef I annexed the mandates in his anxiety to contain pan-Slavism in Balkans of which Serbia was a hot-bed. By 1913, after the two Balkan wars Serbia emerged much more confident assured of support from Russia in an eventuality of war with Austria and Prussia. In 1914, the assassination of Franz Ferdinand, the heir to the Habsburg throne, and his wife at Sarajevo triggered off the war which the Austrian monarch had throughout his life striven to prevent. Thus till the beginning of the twentieth century, 'the Danubian Empire, was the perfect buffer state of Europe, as its existence prevented a gigantic Russia and a gigantic Germany from engaging in a mighty struggle in the heart of Europe. If, therefore, Austria did not exist, Europe would have had to invent it. And since Austria does exist, Europe would do everything to preserve it.'⁴

The end of the war witnessed the disintegration of the two

⁴ Irwin Abrams, 'The Austrian Question at the turn of the Twentieth Century', *Journal of Central European Affairs* (Colorado), vol. 4, pp. 186-201.

great Empires to the East—the Austro-Hungarian and the Ottoman. The German speaking territories of the Habsburgs with 32,376 square miles of area and a population of 6.5 million emerged as the Republic of Austria. With its capital still the cosmopolitan city of Vienna, the Republic inherited the region of the 'Ostmark' and the territories lying to its west. Geographically and politically it still remained the contact point between east and west—indeed a confluence of Europe's religious, cultural and political streams. The collapse of the Austro-Hungarian economic unit left the new Republic facing a very serious economic situation completely cut off from her former trade partners. Loans from the League could not restore her economic viability. Political stability was also endangered when two totalitarian regimes emerged in the neighbouring states of Italy and Germany in addition to a powerful Soviet State which had replaced imperial Russia of the Czars during the course of the First World War. The age-long empirical traditions of compromise and astute diplomacy seemed to be of no avail in the Republic and no one could save the state from Hitler when in March 1938 he made Austria a stepping stone towards his grand strategy for world hegemony of the superior Nordic race. The carefully prepared bulwark of western civilization, thus became a vantage point in the hands of Hitler.⁵ When the Second World War broke out a year later, there was no such state as Austria on the political map of Europe. The necessity of maintaining the independence of this strategically located area in central Europe was clearly recognized, when the Allies during the progress of the war agreed to re-establish it as a democratic and independent state. Thus Austria's key location in Europe forced her to suffer continued occupation since 1938 till the signing of the State Treaty in 1955. It strongly affected the course of the State Treaty negotiations but also drew the ultimate signatures on the Treaty.

The so-called 'self-neutralisation' was the price Austria paid

⁵ Adolf Hitler, *Mein Kampf*, James Murphy trans. (New Delhi, 1967) Sagar Publications, pp. 69-73, 130. E. K. Winter, 'Salvage for a Fourth Austria', *Journal of Central European Affairs*, vol. 1, pp. 66-73.

for the restoration of her sovereignty. It was considered as a sort of possible solution to 'local problems of international order' and as a device for Power Management in central Europe by removing a significant geographical area from the rivalries of Power blocs that emerged in midfifties.⁶ A forward step was thus retreated by the Big Four by disengaging themselves from a specific location and circumventing a probable cause of future military confrontation.

⁶ Cyril E. Black and others, *Neutralization and World Politics* (Princeton, 1968), Chapter I, 'Management of Power', pp. 1-17, and Chapter IV, 'Areas suitable for Neutralisation', pp. 66-91.

CHAPTER TWO

INITIAL POLICIES AND PLANNING

MOSCOW DECLARATION OF 1943 AND THE SUBSEQUENT BASES FOR THE RECONSTRUCTION OF AUSTRIA

By October 1943, the forces of Western Allies had already entered Italian Peninsula, and won the support of the Italian government to take up arms against Nazi Germany. The battles of Orad, Kursk and Kharkov routed the German army on the eastern front. The Red Army having thus secured the safety of Moscow was fast proceeding westwards and reached the banks of the river Dnjeper to launch an offensive at Kiev. The troops of Western Allies successfully landed at Naples causing a break between Italy and Germany.¹ Consequently, the fall of the German Reich appeared more or less certain. The impetus of these military events along with certain political developments was making it imperative for the decision-makers to meet in order to determine their future course of military coordination and the policy to be adopted towards the countries which would soon be liberated from the German hold. The foreign ministers of the United States, the Soviet Union and the United Kingdom, therefore, held a conference at Moscow between 19 and 30 October 1943.

The Austrian question received considerable attention and the first joint proclamation was issued defining the Allied policy towards

¹ Winston S. Churchill, *The Second World War: Closing the Ring* (London, 1952), p. 128.

this small state in the centre of Europe. This Tripartite Declaration on Austria issued at Moscow on 30 October 1943 proclaimed that Austria, 'the first free country to fall victim to Hitlerite aggression shall be liberated from German domination.' The Anschluss of '15 March 1938' [*sic*]² was declared 'null and void.' The governments of the United States of America, Great Britain and the Soviet Union expressed their desire to re-establish a free and independent Austria. At the same time Austria was reminded, 'that she has a responsibility which she cannot evade for participation in the war on the side of Hitlerite Germany, and in the final settlement account will inevitably be taken of her own contribution to her liberation.'³

The inclusion of this paragraph clearly indicates the unique attitude of the Allies towards Austria. It was recognized as the first victim of Hitler's aggression, but was not exempted from its responsibility for participation in the war on the side of Nazi Germany. Austria, thus, was placed in a peculiar position of being liberated and not as an ex-enemy state, but not completely free of guilt. Stephan Verosta has correctly pointed out that in Moscow Declaration no recognition was given to the fact that Austria, as a subject of international law, had no effective government of its own since its occupation in the year 1938 and hence could not be taken to be at war with any other state when the war broke out at a later stage.⁴

At one of their Plenary Sessions at Moscow, Sir Anthony Eden, Cordell Hull and Molotov agreed that the declaration on Austria should be issued encouraging the Austrians 'to work their passage

² Wrongly quoted as 15 March 1938 in the Declaration. The Law concerning the Reunion of Austria with the German Reich is dated 13 March 1938, in Office of the United States Chief of Prosecution of Axis Criminality, *Nazi Conspiracy and Aggression* (Washington, 1946), vol. IV, p. 997.

³ Full text of the Declaration in *Department of State Bulletin* (Washington), 6 November 1943, p. 310, hereafter referred to as DOSB.

⁴ Stephan Verosta, *Die internationale Stellung Oesterreichs 1938 bis 1947* (Wien, 1947), pp. 7-8. Robert E. Clute, *The International Legal Status of Austria : 1938-1955* (The Hague, 1962).

home' and promising independence. When the Drafting Committee was discussing the original draft Declaration on Austria as submitted by Eden, Vyshinsky insisted on including a clause stating that 'Austria bears full political and material responsibility for the war.' The representatives of the United States and Great Britain opposed the insertion of this clause on the ground that Austria hardly existed as a sovereign state after the Anschlusses of 1938, and that the material responsibility would eventually lead to the demands of reparations, which in view of her economy would hinder the re-establishment of a free and independent Austria. Ultimately it was agreed that it would be enough just to remind Austria of its 'responsibility...for participation in the war on the side of Hitlerite Germany.'⁵ This was done in good faith in the interest of Allied unity, and was intended to serve as a stimulant for Austrian resistance to German armies. Throughout the State Treaty negotiations, however, this clause proved to be the basis for conflicting interpretations by Western Allies on the one hand and the Soviet Union on the other. Adolf Schaerf, the then Vice Chancellor of Austria, maintained that this very clause provided the basis for future Soviet demands on Austria.⁶

The element of ambiguity incorporated in the Moscow Declaration infected the post-war treatment of Austria, and the modification of Vyshinsky's original clause proved to be of little value. Gruber characterised the Declaration as representing half-heartedness in the Allied policy. And again as John Mair pointed out 'the partial identification with Nazi Germany, once introduced, was not to be removed...and suffered accordingly from all the confusions and delays which attended it...with the additional handicap of being viewed by comparison as a smaller and accordingly less urgent problem.'⁷

⁵ Philip E. Mosley, 'The Treaty with Austria', *International Organization* (Boston), vol. IV, p. 227.

⁶ Adolf Schaerf, *Oesterreichs Erneuerung 1945-1955: Das erste Jahrzehnt der zweiten Republik* (Wien, 1960), edn. 7, p. 52.

⁷ Michael Balfour and John Mair, *Four Power Control in Germany and*

The Allies anticipating an occupation of Austria along with Germany specified that the political aims of the occupation of Austria would differ fundamentally from those of the occupation of Germany in that their primary purpose would be liberation. Consequently, it was also agreed to 'give more latitude to political activity in Austria than in Germany'.⁸ Thus, having been liberated from the German domination, it was to be occupied by the Allies. Moscow Declaration, however, was still the proclaimed objective of the Allies. At Tehran and Yalta, they reaffirmed their adherence to the principles of Atlantic Charter as to the restoration of sovereign rights and self-government to those peoples who have been forcibly deprived of them by the aggressor nations.

ZONING OF AUSTRIA AND ITS OCCUPATION BY THE ALLIED TROOPS

The occupation of Austria being a foregone conclusion, the task of determining the specific zones to be occupied by each power was allotted to the European Advisory Commission (EAC) which was to work at London. In an initial British proposal to the EAC circulated on 15 January 1944, the United States was allocated a zone of South Germany and the whole of Austria. President Roosevelt and his Joint Chiefs of Staff were not in favour of this plan, as the President was particularly anxious to keep the United States out of the Balkan trouble centre. Consequently, the Soviet proposal of 18 February 1944 for a tripartite control of Austria was also unacceptable to the United States. The US representative on the EAC, John G. Winant, was instructed by his government to insist on a US zone in northwestern Germany without Austria. By May 1944, however, the United States agreed to its participation in the control of Austria but without commitment as to the size of the occupation force. Due to this US hesitation no agreement could be reached till the second Quebec conference in September 1944 settled the issue of German occupation

Austria 1945-1946 (London, 1956), p. 282.

⁸ Hajo Halborn, *American Military Government*, (Washington, 1947), pp. 135-40.

reached two months after the Allies occupied Austria.¹¹

Early in 1945 the Soviet forces on the eastern front made unexpected advances. On 31 March 1945, the Red Army penetrating through Hungary, succeeded in crossing Austrian frontier. According to the 'Southern Redoubt' plan Anglo-American troops from the Mediterranean Command were to enter Austria from south, but strong German resistance in Italy delayed their advance. Meanwhile, American troops from north and French troops from west entered Austria after the entry of Soviet troops. It was only on 8 May that British troops entered Klagenfurt from south and discovered that Yugoslav armed forces crossing the Carawanken ranges were already in occupation of this capital of Carinthia. The Western Allies were confronted with Tito's forces again in Trieste, and it was decided to eject them from this area. Partly due to US-British operations in Yugoslav-occupied villages of Carinthia and partly due to Soviet intervention, Yugoslav forces finally withdrew from Austrian territory.¹²

The Soviet radio and press began addressing Austrians to contribute effectively to their own liberation by way of helping the Red Army. Simultaneously they were clearly debarred from either reinstating the Habsburgs or joining some federation with any part of Germany.¹³ On 8 April as Soviet forces were nearing the capital city of Vienna, Radio Moscow assured Austrians about

¹¹ See map 2 : Zones of Occupation of Austria, and map 3 : Sectors of the city of Vienna, Appendix 2.

¹² For a detailed war account of the Allied war-time operations in this area see *Report of the Supreme Commander to the combined Chiefs of Staff on the Operations in Europe of the Allied Expeditionary Forces 6 June 1944 to 8 May 1945* (Washington, 1946), pp. 136-41. Mark W. Clark, *Calculated Risk* (New York, 1950), pp. 446-48. See map 4 : Allied War Operations in Central Europe towards the end of World War II. Appendix 2.

¹³ *Pravda* (Moscow), 7 April 1945. This was a specific indication of Stalin's opposition to Churchill's idea of a 'Great Confederation of Danube' including southern Bavaria with its capital at Vienna. Winston S. Churchill, *Second World War and an Epilogue on the Years 1946 to 1957* (London, 1959), pp. 733, 746.

INITIAL POLICIES AND PLANNING

Soviet intentions of protecting them, maintaining their social order and respecting the territorial integrity of their land with a view to restore democracy in Austria. This declaration was shortly followed by a similar announcement by Soviet Marshal F. Tolbukin, appealing Austrians to extend all possible help to the Red Army operating on Austrian territory and thus accelerate their own liberation.¹⁴

In the process of liberation the, Soviet troops embarked on a wholesale orgy of rape, looting and destruction, quite in contrast to the declared objectives of their Marshal. Moreover, the seizure of power by the Red Army in all fields of administration gave an impression that the capital city of Vienna was communist. By the end of April 1945, Burgenland, Lower Austria and Styria were actually under Soviet control.

ESTABLISHMENT OF A PROVISIONAL GOVERNMENT OF AUSTRIA AND ALLIED CONTROL MACHINERY

Karl Renner, the socialist leader and the first Chancellor of the First Austrian Republic, moved by an urge to protect the people, went in search of a local Soviet command post from Gloggnitz near the Semmering pass. The Soviet General Zheltov assured him of Soviet interest in Austrian independence. Renner was brought to Vienna on 20 April 1945 and was soon able to contact other Austrian party leaders who had already assembled in Vienna. Within a week they agreed to establish a provisional 'National Coalition Government' under the leadership of Karl Renner. This was formed on 27 April 1945, and the same day the government issued a 'Proclamation on the Independence of Austria' declaring the Anschluss of 1938 void, and the re-establishment of a 'Democratic Republic of Austria' in the spirit of the Constitution of 1920.¹⁵

¹⁴ Text of Radio Moscow announcement of 8 April in *Oesterreichisches Jahrbuch 1945-1946* (Vienna, 1947), p. 7.

¹⁵ Karl Renner, *Oesterreich von der ersten Zur Zweiten Republik* (Wien, 1953), pp. 231-35.

The immediate Soviet recognition of Renner Government and its ceremonious installation in Wiener Rathaus aroused suspicion in the minds of the Western Allies as to whether this was also a Soviet instrument for establishing a communist government in Austria. Nonetheless, the United States government took a relatively more liberal view of the provisional government of Renner than was taken by the British government, which seemed to consider it too far to the left to recognize it without some changes. The US policy was to consider the question of recognition 'of Renner government 'after satisfactory delineation of the zones of occupation' and on the condition to hold election as soon as possible 'under the supervision of the occupying powers.'¹⁶ This line of action was finally adopted by the British and the American representatives at Potsdam. The French were in the background at this stage, though they cooperated with the Anglo-American Allies.

Western indignation was already aroused by the Soviet action of blocking repeated attempts of the Western Allies to enter Vienna. Further, Vyshinsky even refused entry of Western Mission in Vienna for an on-the-spot survey and discussion of the situation, unless an agreement on the zones of occupation was finalized in the European Advisory Commission. After numerous delays Stalin consented to allow its members into Vienna to acquaint themselves with the situation. Accordingly, a western military mission arrived in Vienna on 3 June, but was ordered to leave by Marshal Tolbukin by 10 or 11 June without allowing it to see anything outside the strict city limits.¹⁷ The Mission did some significant work despite the difficulties, and final

¹⁶ For a comparative view of the British and the United States positions see Department of State, *Foreign Relations of the United States, Diplomatic papers : The Conference of Berlin (The Potsdam Conference)*, (Washington, 1960), document no. 272, pp. 341-42, document no. 268, p. 335 and vol. II, document no. 762, pp. 661-62. (Hereafter referred to as *Potsdam Conference*).

¹⁷ Herbert Feis, *Churchill, Roosevelt and Stalin : The War they waged and the Peace they lost* (London, 1957), pp. 625-26.

agreement on the control machinery in Austria and the zones of occupation including the sectors of Vienna were signed in EAC on 4 and 9 July 1945 respectively. The Allied Control Machinery in Austria was to consist of an Allied Council, an Executive Committee and staffs appointed by the four Governments concerned; the whole organization being known as the Allied Commission for Austria. It was to work with a view to achieve the separation of Austria from Germany, to establish a central administrative machine to prepare the way for a freely elected Austrian government and in the interim period to provide for satisfactory administration in Austria. The administration of the city of Vienna was placed under an Interallied Governing Authority to operate under the Allied Council.¹⁸

THE POTSDAM CONFERENCE

The Western Allies still withheld recognition of Renner Government and asked for the formation of a broader based and fully representative Austrian Government. Renner Government consisted of representatives only of the eastern part of Austria which was under Soviet control. Moreover, the fact that important departments of administration like 'Internal Affairs' and 'Public Instruction and Worship' were given to members of the Communist party in Renner government, made the Western Allies more cautious. At the Potsdam Conference, the Big Three agreed to examine the question of recognition of the Austrian government after the entry of the British and the American forces in the city of Vienna.

In compliance with the desire of the Western Allies for a more representative government of Austria, the provisional government called a conference of the heads of the provincial governments to widen the base of the regime and make it more acceptable to the United States and Great Britain. This Conference decided to include more members from western provinces, very much against the

¹⁸ H. M. S. O., *Command Paper* 6958 (London, 1946).

wishes of the Soviet authorities and also of Austrian communists. Consequently, on 20 October formal notification of the recognition by the Allied Council was handed over to Renner. But this recognition was made subject to certain conditions, the most important among these being the holding of free elections throughout Austria not later than 31 December 1945.¹⁹

Elections held on 25 November 1945 confirmed Western suspicions. Perhaps the Soviet Union overestimated the strength of the Communist Party in Austria and allowed the elections to take their own course being sure to capture a considerable number of seats. The three parties, SPOe (Sozialistische Partei Oesterreichs), OeVP (Oesterreichische Volks Partei), and KPOe (Kommunistische Partei Oesterreichs), contested the elections for the 'Nationalrat.' Out of 165 seats, the OeVP won 85 seats with 49.8 per cent of the total votes, the SPOe, 76 seats with 44.6 per cent, and KPOe 4 seats with 5.42 per cent.²⁰ This clearly exposed the meagre following of the Communist Party of Austria and its limited influence in Austrian political life. The Soviet plan to increase communist influence through the department of Internal Affairs and Public Instruction was completely frustrated. The leader of the People's Party, Figl, who later on formed a coalition cabinet included one communist, Altmann, for a comparatively less important Ministry of Power and Electrification. The Ministry was abolished when Altmann resigned in 1947. This crushing defeat of the Communist Party at the polls caused extreme disappointment and lasting annoyance to the Soviet authorities.²¹

The other and more significant problem discussed at the Potsdam Conference was the question of reparation. The Western Powers were against exacting reparations from Austria as, firstly, it needed aid for her economic reconstruction and, secondly, the

¹⁹ Text of the Memorandum, *Gazette of the Allied Commission for Austria, December 1946-January 1945* (Vienna, 1946), vol. 1, p. 29. (Hereafter referred to as *ACA Gazette*).

²⁰ *Ibid.*, pp. 26-27.

²¹ Renner, n. 15, p. 238

demand of reparations would be in contradiction with the Moscow Declaration of 1943 of treating Austria as a liberated country. The Soviet Foreign Minister Molotov, on the other hand, was quite determined not to let Austrians go unpunished for the 'great devastation they had wrought in the Soviet Union.' In response to the firm British and American attitude against this, Stalin seemed to agree to drop reparation demands from Austria. But Austria was caught in another trap of German assets. On the last day, Stalin suggested with regard to the German external assets that

the demarcation between the Soviet and Western zones of occupation could serve as a dividing line for the division of the German Assets—everything to the west going to the Western Allies and everything east of that line to the Russians. The German Assets in Austria would likewise go to the occupation powers on a zonal basis.²²

The Soviet negotiators were quite careful in their policy in contrast to the Western delegates who seemed to be physically and mentally exhausted and annoyed by 'prolonged and petty bickering'. In their anxiety to wind up business as soon as possible and leave Potsdam, they did not detect the blunder they committed by way of agreeing to this proposal. At the last meeting of Potsdam Conference, Molotov proposed that the decision that 'reparations should not be exacted from Austria' be included in the Protocol but not in the communique which was to be released by the participating governments immediately after the conference, and it was agreed upon. Thus the Potsdam Communique referred only to the question of recognition and extension of Renner Government, deleting the clause that Austria was exempted from reparation claims. But the section on the German Assets included two significant paragraphs, also published in the Communique, on the basis of which the Soviet Union justified its unrestricted

²² *Potsdam Conference*, n. 16, vol. II, Ninth Plenary Meeting, 27 July 1945, pp. 432-34. *Ibid.*, Tenth Plenary Meeting, 28 July 1945, p. 464. *Ibid.*, Twelfth Plenary Meeting, 1 August 1945, pp. 566-69.

claim to all German property in eastern Austria. These clauses were, firstly, 'the Soviet Government renounces all claims to shares of German enterprises which are located in the western zones of Germany as well as to German foreign assets in all countries except those specified in paragraph 9 below'; and secondly, paragraph 9 stated: 'the governments of the United Kingdom and the United States of America renounce their claims to shares of German enterprises which are located in the eastern zone of occupation in Bulgaria, Finland, Hungary, Rumania and eastern Austria.'²³ Moreover, no one at that time cared to give an exact and precise definition to the term 'German External Assets' which left the question of its interpretation at the mercy of the government concerned.

THE BID FOR AUSTRO-SOVIET COMPANY, SECOND CONTROL AGREEMENT AND THE SOVIET ORDER NO. 17

After Potsdam conference, the Soviet Union took still another definite step for the control of Austrian economy in which, however, it could not succeed. In order to reconstruct the war damaged Austrian economy on a planned basis the provisional government of Austria, which till then, was not recognized by the Western Allies, passed a law on 5 September 1945 nationalizing the key industries in Austria. The Soviet refusal to recognize the law was quite surprising. On the other hand, the Soviet Union proposed the formation of an Austro-Soviet Company for the administration of these industries. The terms of investment were quite harsh for the Austrian government and in spite of this the actual control was to be with the Soviet Union. The sole purpose seemed to be a monopolistic control of the Soviet Union on Zisterdorf oil fields and other industries not only in its own zone but in the whole of Austria. The Soviet authorities were exerting pressure on the provisional government to agree to such an Austro-Soviet oil corporation. They threatened Renner with withdrawing support

²³ *Ibid.*, Thirteenth Plenary Meeting, 1 August 1945, pp. 591-92 and pp. 1486-87. Harry S. Truman, *1945 Year of Decisions*, Memoirs (New York, 1955), vol. I, Signet Book, pp. 402, 407-8, 452-53.

to his provisional government if he did not sign it before 10 September. In the meanwhile the United States Authorities came to know about it and advised Renner not to agree to it till the matter was brought to the Allied Council Meeting which was scheduled for 11 September. Accordingly, Renner government turned down the proposal on the ground that the provisional government was still not entitled to speak for the whole of Austria, and that the other members of the Allied Council should also be consulted in this regard. The Soviet Union, however, seized Ziesterdorf oil fields, which were in their zone of occupation, on the ground that these were German External Assets ceded to it under the Potsdam Agreement. Earlier the Soviet Union had seized some other industrial enterprises and had removed machinery from the industrial plants of Austria and the process continued in the years to come.²⁴

During early 1946 the Austrian government made many pleas for the relaxation of the Allied control on Austrian administration. It considered this an anomaly that a freely elected parliament should require the consent of an outside authority for its laws to be effective. The question of the revision of the Control Agreement of July 1945 was already under consideration and on 28 June 1946 a revised Control Agreement was signed in the Allied Council.²⁵

This Control Agreement again pledged its support to the Moscow Declaration to re-establish a free and independent Austria and redefined the nature and extent of authority of the Austrian government. The main structure of the original Control Commission was held intact, but the Commission was now to exercise its powers primarily through the Austrian Ministries. The Allied Council, however, could act directly in matters like demilitarization and disarmament, war criminals and displaced persons, German assets and such other matters that directly concerned the occupying

²⁴ Clark, n. 12, pp. 467-63, and p. 479. *New York Times* 15 and 16 September 1945.

²⁵ *ACA Gazette*, Supplement to the June Number 7, 1946.

powers. It also removed the remaining zonal barriers for trade and traffic. Of greatest significance was Article 6 (a) which stated 'all legislative measures...and international agreements...except with one of the occupying powers, shall, before they take effect...be submitted to the Allied Council.' Constitutional laws required the written permission of the Allied Council before being put into effect. In the case of other legislative measures and international agreements 'it may be assumed that the Allied Council has given its approval if within thirtyone days' of the time of the receipt by the Allied Commission it has not informed the Austrian government that it objects to a legislative measure or international agreement.'

On this basis the authority of the Austrian parliament was in fact increased as it was now authorized to conclude bilateral agreements with any one of the four occupying powers subject only to the notification of the other three. It also gained considerable measure of freedom in legislative matters other than constitutional. Hence, the new Control Agreement was a decisive step towards Austrian independence and a significant concession by the Soviet Union. The Soviet Union could hardly have been unaware of the full implications at the time of its approval, but must have miscalculated the result.²⁶

In fact, as the Allied Council minutes indicate that Article 6 (a) was agreed upon in an act of bargaining during the negotiations. The Soviet Union wanted the inclusion of the clause on bilateral agreements, as it was visualizing a bilateral agreement on the administration of industrial enterprises in Austria, to which the French and the Americans were in opposition. The Western Powers on their part wanted the inclusion of the clause granting Austrian laws effectiveness, if they were not unanimously disapproved by the Allied Council within thirtyone days of their notification to the Allied Council, to which the Soviet Union strongly objected. In a fit of mutual concession both the clauses were agreed upon with slight modifications. Bilateral agreements

²⁶ Clute, n. 4, p. 35.

with any one of the occupying powers were to be notified to the other three and only constitutional laws required unanimous approval of the four powers. Both these clauses turned against the Soviet interests as later events proved and the Austrian government acquired considerable amount of freedom in managing the affairs of the state. On many occasions its actions were challenged by the Soviet authorities but such Soviet attempts to nullify laws of Austrian government were invariably hampered by the Western Allies, as ordinary legislation required an approval of just one occupying power. Moreover, the definition of the term constitutional law was left so vague that this trap also slipped out of Soviet hands.²⁷ In their over-enthusiasm to gain economic control of Austrian industries the Soviet negotiators made sweeping political concessions which later, howsoever they tried, they could not reverse.

This Soviet failure led the Soviet Commander-in-Chief General Kurasov to publish order No. 17 dated 27 June 1946. Citing the basis of the Potsdam Agreement, this order declared the transfer of all German assets in the Soviet zone of Austria to the Soviet Union. The German assets were interpreted to mean all property owned by the German Reich, German firms, companies and organizations on the Austrian territory, irrespective of the fact whether this property was obtained by Germany by force or with the willing cooperation of the Austrians. By contrast, four days later, on 10 July 1946, the United States conveyed its willingness to transfer all German assets in its zone to the Austrian government and also declared that it would not recognize any property transfers under the Potsdam Agreement which were carried out violating the London Declaration of 5 January 1943. In spite of it, the Soviet Union organized the USIA in order to administer the German assets, as she defined these in its zone.²⁸

²⁷ EXCO (42) 422, 21 May 1946. EXCO (43) 439, 31 May 1946. ALCO (19) 184, 25 March 1946. ALCO (23) 230, 24 May 1946. ALCO (24) 241, 14 June 1946.

²⁸ Office of the US High Commissioner, *Military Government in Austria* (Vienna, 1946), n. 6, pp. 14-20. The Allies had declared at London

The Austrian government had already passed a law on 28 June declaring all transfers of Austrian property to Germans as null and void. On 26 July, it passed a nationalization law declaring state control of the great banks and all the key industries in the whole of Austria. The Soviet attempt at the Allied Council to declare the law constitutional, so that it may require unanimous approval of all, proved futile. Kurasov's earlier attempt at the Allied Council to declare the nationalization bill illegal had also failed, and the bill passed its thirtyone days frist to become a law.²⁹ Finally, the Soviet authority itself declared the nationalization law illegal, as it contradicted section IV of article 5 of the new Control Agreement which authorized the Allied Council to act directly in 'the disposal of German property in accordance with the existing agreements between the Allies.' Kurasov refused to consider himself bound by the law and hence to recognize its validity in the Soviet zone. Further Soviet attempts to limit the extent of Austrian authority and weaken the Control Agreement in its favour also met with similar failures. The tables were turned against the Soviet Union even on the clause of bilateral agreements when this very clause was put forth both by the Austrian government and the United States to justify Austrian action of joining Marshal Aid Plan.³⁰

The declaration of Order No. 17 and the subsequent events clearly signalled the end of Allied cooperation in Austria. Difference of opinion characterized the Allied policy right from the beginning but now it came to the forefront of their dealings.

in 1943 that property obtained by Germany through force or under duress would not be recognized, *DOSB*, 21 July 1946, p 123. USIA referred to 'Upravlenye Sovjetskovo Imuschchestva V Avstrii' meaning thereby the Administration of German property in Austria.

²⁹ H. Siegler, *Oesterreichs Weg Zur Souveraenitaet Neutralitaet, Prosperitaet 1945-1959* (Wien, 1959), 19. *ALCO* (30) 323, 23 August 1946.

³⁰ *EXCO* (13) 58, 1 November 1945. *ALCO* (14) 118, 21 January 1946, Annex. A. William Llyod Stearman, *The Soviet Union and the Occupation of Austria : An Analysis of Soviet Policy in Austria, 1945-1955* (Vienna, 1961), pp. 41-45.

Initially, cooperation characterized their proceedings when faced with immense common tasks of restoring order in a Europe devastated by war. As, however they came nearer their goal of restoring a working order, correspondingly, their own differences increased. Marshal Koniev's reply to General Clark that he would have 'ten new ones' if the ten demands he had put before the Council were met, signified the nature of mutual Allied attitudes.²¹ Curiously enough, the interallied 'Komandatura' in charge of the joint Command of the inner city of Vienna was progressing satisfactorily. There the occupying powers seemed to get on better together than elsewhere. This was unexpected after the delays and difficulties experienced in establishing the joint occupation. Nonetheless, it was a hopeful indication for the revival of cooperation among the Allies on a wider scale.

Thus, the Second Control Agreement re-established Austrian State with a considerable degree of political independence. Even though it did not have economic control over its industries in the Soviet zone, the Marshal Aid did help her a great deal to start reconstruction of its industries in the western zones. It was, however, not yet a completely sovereign state, as an outside authority—Allied Commission—was still exercising final control, and foreign troops were still occupying its territory on zonal basis. It was believed that if this nation could be restarted to economic life ; if it could be relieved of the unbearable pressure of four power rule, it actually had some chance of life of its own. Moreover, the significant fact revealed initially about the four power occupation in Austria was, while 'in Germany they are digging in and watching the movements of one another to see who is preparing to stay longest here they are waiting to see who is ready to move out first.'²² Thus, the willingness to withdraw was there, but the terms of withdrawal were to be agreed upon and this required a treaty. Attempts in this direction were being

²¹ Clark, n. 12, p. 493.

²² *New York Times*, 23 November 1945.

simultaneously undertaken at various meetings of the council of foreign ministers, of their deputies and other bodies organized for this purpose.

CHAPTER THREE

DRAFT TREATY AND THE STALEMATE

INITIAL PROBLEMS

The war time declarations pronounced Austria a victim of aggression and not an ex-enemy state, as it was involved in the war only as a part of Hitler's empire. The problem of the Austrian Treaty, therefore, related to the restoration of a democratic and independent Austrian state annexed by Hitler by the Anschluss of 1938. Austrian Vice-Chancellor, Schaerf, therefore, requested the four Powers to sign not a peace treaty but a state treaty with Austria. Apparently this task was thought to be one of constituting a freely elected popular government in the country and then agreeing to the terms of withdrawal of the occupation forces from the Austrian territory.¹ Once the Big Powers actually embarked on the task of working out a solution to this problem, they discovered that it was the most intricate problem in which threads of nearly all other problems besetting the European continent at that time were interwoven.

Immediately after the liberation extremely ruinous economic situation in Austria occupied the minds of four powers. UNRRA

¹ P. E. Mosley, 'The Treaty with Austria', *International Organization* (Boston), vol. IV, p. 220. In view of the peculiar Austrian situation the Austrian Vice-Chancellor, Adolf Schaerf requested the four powers to sign, not a peace treaty but a state treaty with Austria, *Wiener Zeitung* (Official Newspaper of Government of Austria, Vienna), 6 April 1946.

aid was rushed to help maintain the minimum living standard of the population.² At the same time internal political situation was considerably stabilized when a central government constituted on the basis of free elections started functioning by the end of 1945. It was, therefore, hoped that the reconstruction of an independent state would be relatively smoother process. However, the Soviet desire to incorporate Austria into her economic and political orbit and the Western efforts to block this attempt in order to establish their stronghold in the area, created a stalemate which lasted for years to come and Austria came to be occupied by its liberators for a longer period of time than that by the Nazis.³

As annexation of Austria was the first step towards the grand Nazi strategy of world conquest, a thorough denazification and demilitarization of Austria were the agreed preconditions of its independence. In a vigorous attempt at denazification, the Austrian Government either suspended or pensioned off a considerable number of persons from government establishments. A similar attempt was being made in the field of private enterprise.⁴ Meanwhile, the United States Secretary of State, Byrnes, tried to raise the question of Austrian treaty at the first session of the Council of Foreign Ministers at Paris which was basically convened to discuss peace treaties with the former enemy states in Europe viz., Bulgaria, Finland, Hungary, Italy and Rumania.

² K. W. Rothschild, *The Austrian Economy since 1945* (London 1950).

³ The peculiar Austrian situation during those days is well depicted in Renner's simile of four elephants in a rowboat each steering it in a different direction.

⁴ Theodore E. Kyriak (compiler), *The Allied Commission for Austria: Official Minutes of the 538 Meetings of Allied Council and its Executive Committee* (Microfilm, Maryland, 1958), hereafter these minutes are referred to as ALCO for Allied Council and EXCO for the Executive Committee; EXCO (11) 44, 26 October 1945, Annex. I, EXCO (18) 91, 27 November 1945. The number within brackets denotes the meeting and the one outside denotes the minute. Alfred Werner, 'Austria Has a Mission', *Journal of Central European Affairs* (Colorado), vol. 7, pp. 406-13.

Molotov, however, made it clear that a treaty with Austria called for special consideration, hence, it could not be taken up till the other treaties in hand were completed. Another attempt by Byrnes to include Austrian question on the agenda of the next session also proved futile. Bevin, the British Secretary of State for Foreign Affairs, also made a vain attempt in this direction, as Molotov made it clear that in the absence of any draft proposals the question was not ripe enough for discussion.⁵

Before the suspension of the first session of Paris Conference the United States circulated a draft treaty describing main bases on which Austrian state could be restored. Its distinctive features were the re-establishment of Austrian state within the boundaries of 31 December 1937, excluding South Tyrol, and a four power guarantee of its independence under the authority of the Security Council. It further visualized an end of Four Power occupation and re-establishment of a democratic Austria with economic viability and limited military power.

Austrian leaders, active in pressing for an early conclusion of a State Treaty, also insisted on economic security as a basis of political independence.

Gruber, the Austrian Foreign Minister asked for

1. the signing of a treaty between the four occupying powers and Austria clearly establishing her position (asserting that this would not be a peace treaty, because Austria had never declared war but was a victim of German aggression) ;
2. immediate ending of the division of Austria into four zones, and the progressive withdrawal of the occupation troops ;
3. frontier rectification in favour of Austria in South Tyrol ;
4. opening of the Danube from source to mouth for the shipping of all the Danubian states ;
5. full use and access to the port of Trieste ;
6. withdrawal of all claims on Austrian industries for German reparation payments ;
7. admission of Austria to the United Nations.

⁵ James F. Byrnes, *Speaking Frankly* (London, 1947), pp. 125-27 and pp. 163-64.

Referring to the confused position of Austria, Gruber pointed out, 'Austria's chief handicap is that she is classed neither as a friend nor as an enemy. The uncertainty of our position is so discouraging that sometimes we feel we would almost rather be classed as 'enemy' and know where we are.....'⁶

Thus, Austrian political elite were clear about their policy objectives from the start, and accordingly they tried to influence the course of negotiations through every channel that was open to them. They themselves were not directly negotiating partners at this stage.⁷

When the foreign ministers of the Big Four again met at Paris for the second session of the Conference, Molotov, though still *unwilling to start discussion on Austrian State Treaty*, did not oppose it directly. At the behest of the French Foreign Minister, Bidault, the Council agreed on an examination of Austrian question as the last item of the agenda. Meanwhile, the British delegation also submitted its draft treaty. The question, however, was taken up only on the final day of the conference, when Byrnes suggested that the special deputies be instructed to study the drafts available or any other that might be submitted by the other delegations. In response, Molotov presented a resolution calling *attention to the increased authority and independence to be granted to Austria under the Second Control Agreement*, and made it specific that the deputies would be permitted to begin work on Austrian treaty only after the other five treaties were completed, and after taking into account the extent to which Austria liquidated Nazism and strengthened democracy. British and French delegates were willing to accept Byrnes' suggestion and added that the Allied Council be instructed to investigate and report on the *progress of denazification and on the problem of displaced persons*

⁶ *Times* (London), 4 June 1946.

⁷ For an analysis of the role of political elite in evoking desired response see, S. K. Arora and H. D. Lasswell, *Political Communications : The Public Language of Political Elites in India and the United States* (New York, 1969), Introductory chapter.

in Austria. The Soviets, however, stuck to their original stand.⁸

In view of the negative attitude of Molotov, discussion on the draft treaty could not be started even at the second session of Paris Conference. An early conclusion of a treaty with Austria might in fact have meant not only economic loss to the Soviet Union, but also the withdrawal of her troops from Austrian territory for which the Soviets were not willing then. Soviet troops were poised in Austria perhaps to facilitate communist takeover of the surrounding central European States.⁹ This frustrated Byrnes' initial efforts to start negotiations on an Austrian treaty. To certain extent, it was due to his neglect of a 'tie-in' at this stage as the Soviets had keen interest in other peace treaties. The 'tie-in' technique might have set the ball rolling in the desired direction.¹⁰ In the meantime the Soviet Union ordered transfer of the Danube Shipping Company to Soviet control as former German assets. Simultaneously Austrian Federal Chancellor, Leopold Figl, made known the Soviet demand to sign a compensation agreement for the help extended to the city of Vienna in the period after liberation. Austrian Government, however, did not take any final decision immediately and asked for a redefinition of the Potsdam Agreements so as to specifically exclude the property which was Austrian before 1938.

Notwithstanding the Austrian protests the Supreme Commander in Chief of the Soviet occupation troops published on

⁸ *Department of State Bulletin* (Official Bulletin of the government of the United States of America, Washington), 28 July 1946, p. 171. (Hereafter referred to as DOSB). *Soviet Politik Gegenueber Oesterreich*, April 1945-April 1947, *Eine Dokumentensammlung* (Wien, 1947), pp. 23-25.

⁹ EXCO (51) 560, 6 August 1946. ALCO (55) 604, 14 August 1947. Mark W. Clark, *Calculated Risk* (New York, 1950), p. 479. Article 21 of the Rumanian and Article 20 of the Hungarian Peace Treaties permitted retention of Soviet troops on these territories for maintaining lines of communication of the Soviet Army with the Soviet zone of occupation in Austria. Department of State Publication 2868, *Paris Peace Conference 1946, selected documents*.

¹⁰ Fred Charles Ikle, *How Nations Negotiate* (New York, 1964), p. 245.

6 July 1946, Order No. 17 and predated it to 27 June 1946, declaring the transfer of German property in eastern Austria to the 'ownership of the Union of Soviet Socialist Republics as German Reparations Payment', to be controlled by the Administration of Soviet Property in eastern Austria. In clarification, Commander General Major Zinov justified the Soviet action in accordance with the Potsdam Agreement and emphasized its necessity in view of the non-cooperating attitude of Austrian government. In response to the strict Soviet attitude the Austrian parliament took a bold step and passed the second Nationalisation Law on 26 July 1946. This evoked another stern note from the Soviet Commander-in-Chief declaring the nationalization void. In a similar tone, the Soviet political representative, Koptjelow, warned Austrian Government of the serious consequences of disobedience of Soviet orders.¹¹

While this tussle was going on, the United States expressed its willingness to renounce its share in German assets in Austria and also made it clear that it

will recognize no physical transfer of property as conforming to the terms of the Potsdam Agreement which does not also conform to the terms of the United Nations Declaration on forced transfer of property and which does not leave to Austria the sovereign control of an independent country over the resources within its borders which was envisaged in the Moscow Declaration of 1943.

This was followed by British and French renunciation of their claims to German assets in Austria.¹² This sort of open opposition to the Soviet Order No. 17 and subsequent anti-Soviet attitude, followed by the western Allies was strongly resented by the Soviet authorities. It was quite obvious that any effective implementation of the nationalization laws passed by the Austrian Government would not be permitted in eastern Austria. Thus, the lacuna

¹¹ Text of Order No. 17, *Oesterreichische Zeitung* (Vienna), 6 July, 1946. Text of Soviet notes in *Wiener Zeitung*, 27 July 1946.

¹² U. S. note, DOSB, 21 July 1946, pp. 123-24. British and French notes II. *Siegler, Oesterreichs Weg zur Souveränität, Neutralität, Prosperität, 1945-1959* (Vienna, 1959), p. 19.

regarding the claim to German assets which was slurred over at Potsdam, developed into a major rift and withheld a settlement on Austria. It was, however, believed that successful reconstruction of Austria could take place with some foreign aid provided its resources were completely under its control and were fully exploited by wise planning. Besides this, much depended on Great Powers 'ceasing to use her as a cockpit for disputes which are basically irrelevant to the Austrian economy.'¹³

Nevertheless Soviet negotiators exhibited a rigidity in the tenacious pursuit of their predetermined objectives, which were spelt out with clarity by their policy-makers. If the western negotiators responded by similar hard line tactics, the Soviets yielded partially, or stuck to their position leading to a deadlock in negotiations. At the end of the first session of Paris conference, Secretary Byrnes clearly realized that peace making was 'a long and hard process' requiring 'patience and firmness, tolerance and understanding' in which none of the parties should carry an impression that it can 'impose' its will on others.¹⁴

PARIS PEACE CONFERENCE : THE QUESTION OF SOUTH TYROL

Paris Peace Conference opened on 29 July 1946 to discuss the satellite treaties. In this connexion the setback to Austria was Austro-Italian border settlement in favour of Italy allowing it to retain South Tyrol already ceded to it by the Treaty of Saint Germain. Though this was in defiance of the principle of self-determination of nationalities, Austria consented to it on the basis of an Austro-Italian agreement establishing South Tyrol as an autonomous region within Italy. This was agreed to in the hope of an early conclusion of Austrian Treaty.¹⁵ The Nuremberg

¹³ Editorial comment, 'Manoeuvres in Austria', *New Statesman and Nation*, 3 August 1946, pp. 73-74. Victor Heller, 'The Economic and Political Background of Austria', *Journal of Central European Affairs*, vol. 6, pp. 283-300.

¹⁴ Byrnes, n. 5, pp. 151-52.

¹⁵ Austrian Federal Government, *Memorandum of the Austrian Federal*

Judgement also extended a helping hand at this stage in reinstating Austrian image. It expressly clarified that 'the invasion of Austria was a premeditated aggressive step in furthering the plan to wage aggressive wars against other countries, implying thereby that Austria could in no way be held responsible for the aggressive policies of Hitler.¹⁶ This, however, did not help in extricating Austria from the question of German assets. On the other hand bitter conflict arose over German assets in all future attempts to solve the problem. It might have had some moral effect in invigorating Austrians in their struggle for self-determination.

Austrian statesmen hence forward became more active in pressing for an early and just solution of Austrian problem. Federal Chancellor Figl appealed to the Big Four to give Austria an opportunity to be a bulwark of freedom, democracy and peace in Europe. He said, 'We thank you for having liberated us, now crown your work by granting us liberty.' At the same time, in New York, Foreign Minister Gruber was pointing out the heavy cost, Austria had to pay for its occupation, which was hindering its rapid reconstruction.¹⁷ One significant aspect of Austrian diplomacy revealed at this stage was the presence of an Austrian delegation at every place where there was a possibility of Austrian question being discussed by the representatives of the Four Powers. Austrian delegation, though not invited to these conferences as an equal partner, used to be in contact with foreign ministers or their deputies individually on all such occasions. Austrians thus were able to play a worthwhile role in collecting information

Government concerning the South Tyrol Question (Vienna, 1960). Annex 2. Also see J. L. Kunz, 'The Italo-Austrian Agreement on Austrian South Tyrol', *American Journal of International Law* (Washington), vol. 41, pp. 439-45. George W. Hoffman, 'South Tyrol: Borderland Rights and World Politics', *Journal of Central European Affairs*, vol. 7, pp. 285-308.

¹⁶ *Trial of the Major War Criminals before the International Military Tribunal Nuremberg, 14 November 1945-1 October 1946* (Nuremberg, 1947), pp. 188-89 and 192-94.

¹⁷ *Wiener Zeitung*, 31 October 1946. *New York Times*, 1 and 16 November 1946.

regarding the viewpoints of the Big Four and in canvassing amongst them support for Austrian position.

At New York, the Council of Foreign Ministers finally agreed to the five 'satellite' peace treaties. The Western Allies, therefore, raised the German and Austrian questions and received Molotov's positive response. He, however, made clear that the Austrian problem would be taken up only after a German settlement was arrived at. The deputies were also instructed to start work from 14 January 1947 at London.¹⁸

In view of these developments, Renner emphatically put forth Austrian request 'to be heard'. 'We know best', he continued, '*which interests are the most important for Austria ; hence we must be invited to the conference.....*' Above all, he insisted that the 'powers should negotiate not on us but with us,' and expressed the hope that the conclusion of State Treaty would result in an end of occupation, the return of prisoners of war, and complete economic and political freedom.

LONDON CONFERENCE OF THE DEPUTIES : FORMULATION OF THE DRAFT

The deputies of the four foreign ministers started their consultations at London on 14 January 1947 as scheduled. At the outset they agreed to title the treaty as a 'Treaty for the re-establishment of an independent and democratic Austria.' Later, they accepted the Austrian expression 'State Treaty', instead of just 'treaty' or 'Austrian Treaty'. Though expression 'Peace Treaty' was deliberately avoided, a number of articles of Balkan Peace treaties found their way in the draft during the London consultations and later.¹⁹

At London, the United States, Great Britain and France had their proposals for the draft treaty but the Soviet Union chose

¹⁸ DOSB, 15 December 1946, pp. 1082-83.

¹⁹ G. Stourzh, 'Zur Entstehungsgeschichte des Staatsvertrages : 1945-55', *Oesterreichische Zeitschrift fuer Aussenpolitik* (Wien), Heft. 5/6, 1965, pp. 304-5.

just to express its views on the different clauses of the proposals at hand. There was general agreement that the treaty would consist of a preamble and three parts—political, military and economic. The preamble was to emphasize Allied desire to conclude a treaty with Austria and support its candidature to the United Nations. The Russian delegate, Marshal Gusev, however, referred to Austrian responsibility for participation in the war on the side of Germany. The United States and Great Britain opposed its inclusion. Ultimately the French wording was accepted which read : 'Austria cannot avoid certain responsibility arising from this participation in the war.' Idea of Austrian neutrality, though not specifically expounded at this stage, was also referred to by the French representative by emphasizing the need of Big Four guarantee of Austrian independence and a promise from Austria to refrain from any action that would endanger it.

The special deputies then turned to the political clauses. The main points in this connection were ; first, the recognition of Austrian independence and sovereignty ; second, boundary question ; third, treaties entered into by Austria in the past ; fourth, the recognition of human rights, and fifth, withdrawal of the occupation troops. Article I concerning the re-establishment of Austrian independence and sovereignty was soon agreed upon. As regards ensuring political economic integrity of Austria, General Clark suggested that the Allied and Associated Powers should guarantee Austrian independence within the UN security system. The French standpoint was that a special protocol should be issued for this. It also emphasized a specific denial of Anschluss with Germany. Marshall Gusev supported the denial of Anschluss but saw no reason for a special guarantee of Austrian independence. Lord Hood suggested that firstly the Austrian Government should denounce the Anschluss and undertake the responsibility of never allowing a union of Austria and Germany to take place. Secondly, the German treaty should include a corresponding clause renouncing the German right and claim on Austrian territory and recognizing Austrian independence. This was agreed upon by all. A

further clause declaring the Anschluss null and void and with it also its political, economic and legal consequences could not be decided. The American delegation tried to raise the questions of boundaries and the citizenship but the discussion was postponed till the Austrian viewpoint was explained.²⁰

Austrian Memorandum submitted to the Conference on 29 January 1947 denied Austrian responsibility for German action in the war and on this basis demanded exemption from reparations. It stated that independent Austria be re-established within the boundaries of 1937 paving a way for withdrawal of troops and dissolution of the Allied Commission. Besides this, the Memorandum emphasized Austrian acceptance to withhold democratic and human rights of its citizens and to repay Austrian debts prior to March 1938 on the basis of reasonable conditions. It finally stressed Austrian interest in unobstructed navigation on the Danube for international trade. All this, Figl emphasized was essential for the stabilization of inter-State relations in the Alpine region.²¹

The Soviet delegate, Gusev, tried to make Gruber accept Austrian responsibility for participating in the war with Nazi Germany and also the Soviet interpretation of German assets in Austria. Perhaps this was an attempt by the Soviet delegation to provide a legal basis for its seizure of German property in Austria with Austrian consent, and limit partial independence granted to Austria under the Second Control Agreement. The British, American and French attempts to rescue the Austrian Foreign Minister were fruitless, but neither did the Soviet attempt yield its desired result.

A long debate on the United States-French proposal for withdrawal of troops from Austrian territory within 90 days of the *coming into force of the treaty and the dissolution of the Allied Commission* alongwith it yielded no final agreement though the

²⁰ *Wiener Zeitung*, 26 January 1947.

²¹ *Ibid.*, 30 January 1947.

matter was handed over to the military committee. A dispute also arose over the formulation of the clause forbidding Austria political or economic union with Germany. The point of dispute was the phrase 'pan-Germanic propaganda'. General Clark objected to its inclusion as it could be used as a pretext by any State to interfere in internal affairs of Austria. Austria, however, was asked to continue the law of 1919 banning the return of the Habsburgs. No agreement could be reached on the clause of Austrian citizenship, particularly with reference to Germans in Austria.²²

Yugoslav's territorial claims against Austria played an important role at the Deputies Conference at London. The very first conflict arose over procedural matters in this connexion. The Soviet delegate suggested that only Yugoslavs should be heard while the US delegate wished to give a chance to Austrians as well. Little concessions on both the sides led to a compromise to hear both the delegations. Yugoslav memorandum submitted to the Deputies Conference on 14 January claimed parts of Styria and Lower Carinthia consisting of Slovene majority and expressed resentment at the 'Germanization' of Croats of Burgenland.²³

On the basis of 1920 Plebiscite held under the League of Nations and recognized then by Yugoslavia, Austrian Foreign Minister, Gruber, defended Austria's rightful claim to that region. Even in 1945 elections, he explained that none of the contesting

²² For details, *Ibid.*, 9, 12 and 19 February, 1947.

²³ Text of Yugoslav Note in *Wiener Zeitung*, 15 February 1947. According to this source Yugoslavia claimed 2470 kilometers area with 1,80,000 population in Carinthia and 130 kilometers area with 10,000 population in Styria, making the total area of 2600 kilometers and total population of 1,90,000. Other sources, however, place the Yugoslav claims at 1,200 square miles, i.e., 3120 kilometers of territory and 2,30,000 population. For reference see Grayson, n. 1, p. 144. Schaerf, *Oesterreichs Erneuerung : 1945-1955* (Wein, 1955), p. 143. Department of State Publication 6437, *The Austrian State Treaty*, Washington, 1957, n. 30, p. 9. For a background of the Austro-Yugoslav border dispute see Kuchnett Leddihn, 'The Southern Boundaries of Austria', *Journal of Central European Affairs*, vol. 7, pp. 251-59. Peter Warwick, 'The Issue of Carinthia', *Central European Observer*, 7 March 1947, pp. 55-56.

parties was in favour of its ceding to Yugoslavia. The Slav Freedom Front withdrew voluntarily from elections. Wilfan, the Yugoslav Foreign Minister bluntly refused to accept the argument and the question of frontiers remained unsettled.

The London Conference then came to the discussion of military clauses and despite preliminary efforts in the military committee, the strength of Austrian army could not be decided. The Soviet Union and France wished to limit it to 50,000 men while the United States and Britain stood for 55,000 men. Both included police force and air force personnel. Soviet proposal that Austrian army should be equipped only with the weapons of indigenous production, encountered British opposition. According to the Allied Commission report all significant factories producing war material in Austria were destroyed during the war and acceptance of Soviet proposal would consequently render Austria incapable of equipping its army at all till a period of at least two years. Difference of opinion also arose over Soviet viewpoint of recruiting in Austrian army only those persons who were Austrian citizens before 13 March 1938 and in no case members of any Nazi organization. It was, however, agreed that Austria could possess an air force of 90 aeroplanes and 5,000 air force personnel. Out of these 90, only 70 were to be war planes and those too without bombers. Austria was also asked to help Allies in demilitarization of Germany. The Allies agreed to withdraw the occupation troops latest within ninety days of the coming into force of State treaty, though they continued to differ as to the dissolution of the Allied Commission. Austria was forbidden atomic weapons, missiles, submarines, U-boats, manned or automatic torpedoes and any artillery weapons of more than 30 kilometers range as also poisonous gases. It was not to produce or own any spare war material. In no case it was to produce civil aeroplanes of German or Japanese patent and return these to the Allies if it possessed any. Austria was even forbidden to undertake scientific research in fields of atomic energy, distant missiles or any other new aggressive weapon. Military clauses were to remain in force till

these were either changed by mutual agreement or till Austria became a member of the United Nations.²¹

As regards German assets in Austria, James Marjoribank, the British representative specified that these assets referred to only those property interests in commercial and industrial undertakings which were in actual ownership of Germans on 2 August 1945 and, either were under German ownership since the Anschluss of 1938, or were acquired by Germans without force or duress. Financial institutions were exempted from this, and the Austrian government was instructed to eliminate German interests from property which would be handed over to it by the Allies. In the international zone of Vienna seventyfive per cent of the property was to go to the Western zone and twentyfive per cent to the Eastern. Accordingly, the Austrian Government was asked to prepare a list of the value of German assets in the Eastern zone in consultation with the Soviet Union and in the Western zone in consultation with the other three powers. The British representative also suggested the establishment of a property commission of the four diplomatic missions to handle all related questions.

Gusev presented his memorandum incorporating the following main points :

1. Austria should recognize the Potsdam Agreement on German assets and undertake all necessary measures accordingly ;
2. All former German assets which have gone to the ownership (reached the ownership) of the big four should not be subjected to expropriation, requisition or seizure without the consent of its rightful owner ;
3. As German assets are to be viewed all property, which was German before the Anschluss, which was transferred to German nationals as a result of purchase or sale after the Anschluss with the exception of such transactions as were made under direct force, and finally, undertakings, which grew up or developed further as a result of German investment after 1938.

²¹ *Wiener Zeitung*, 13, 19 and 23 February 1947.

General Clark opposed it as he considered it a clear Soviet attempt to legalize all expropriations made by it in the Soviet zone of occupation. The French representative Couve de Murville, stressed the need of a clearer definition of the Potsdam Agreement but Gusev objected to any such reinterpretation and hinted at Soviet preference for a direct settlement with Austria as it was done in cases of Rumania, Hungary and Bulgaria.²⁶

Reviewing London negotiations, Moscow emphasized uncontroversial Soviet right to German assets and warned that any attempt at its revision would only delay the conclusion of State Treaty. The treaty, it said should permanently separate Austria from Germany and ensure real democracy in the country. In principle, these preconditions were also accepted by the western powers, but the differences continued due to their differing interpretations. Consequently, London Conference left some vital issues in dispute, significant among these being Yugoslav territorial claims and the problem of German assets in Austria. Legally, there was no flaw in Soviet claims to German assets in Austria as the Potsdam Agreement did allocate these to the Soviet Union in lieu of its partial reparation claims from Germany. Western refusal in accepting this also had a legal basis as the unpublished protocol of the Potsdam Agreement exempted Austria from all reparation claims. Besides this, the initial Moscow Declaration provided for the re-establishment of an economically viable Austria and the Soviet demand would have decisively obstructed that object.

MOSCOW COUNCIL OF FOREIGN MINISTERS

Simultaneously with the Moscow Conference of Foreign Ministers, the deputy foreign ministers in charge of Austrian treaty renewed their efforts to reach an agreement on its disputed clauses. At the outset the deputies evolved a compromise on the strength

²⁶ *Ibid.*, 20 February 1947. Complications arising out of ambiguous agreements and the role of specificity in international negotiations are discussed by Ikle, n. 10, pp. 8-16.

of Austrian army to 53,000 men. Vyshinsky's insistence that its formation could begin only after the occupation troops were withdrawn and that it should be equipped 'with weapons of indigenous production' obstructed final agreement. The problem of German assets and frontier revision were other roadblocks as Gusev supported Yugoslav territorial claims and also its reparation demands amounting to 150 million dollars. Differences prevailed on the disposition of displaced persons in Austria, definition and prosecution of war criminals, Austrian property in the territory of Allied and Associated powers and Austrian citizenship. Comparatively though of little importance, there always was a threat of some Power making an issue out of any of these problems thereby bringing negotiations to a halt. Liberal attitude on these could also be displayed to trade concessions on other important issues. Gusev's concessions in the meeting of deputies and his agreeing to invite Austria to represent its viewpoint were cases in instance.²⁰

When the foreign ministers started discussions on German assets, Molotov recalled point 9 of Potsdam decisions and suggested that the question of German assets in Austria be settled in bilateral negotiations. He referred to the US Government note of 7 September 1945, giving free hand to each power to manage German assets in its respective zone without any interference from others and the Soviet acceptance of it in its note of 15 September 1945. 'What is important', he said 'is the realization of this right in practice.'²¹ French Foreign Minister Bidault represented the view that none of the Allies at Potsdam intended to transfer title to German assets in Austria to any of the occupying powers.

²⁰ For details, *Wiener Zeitung*, 26 March 1947. For the necessity of caution in reciprocating concessions see *ibid.*, n. 10, pp. 104-5. He also warns against formulating positions of 'extortionary' demands, i.e., conceding on points of lesser value for exacting concessions on questions of greater significance, pp. 208-9.

²¹ V. M. Molotov, *Speeches and Statements made at the Moscow Session of the Council of Foreign Ministers* (London, 1947), pp. 47-49.

British Foreign Minister Bevin also made it clear that German assets in Austria being the property stolen by Nazis cannot fall under reparation claims. General Marshall emphasized that before actual transfer took place, three points needed further clarification; definition, arbitration and application of Austrian law to these assets. He stressed that inapplicability of Austrian law concerning German assets in a particular zone would be granting *extra-territorial rights to the power concerned*. The deputies were asked to further clarify the situation but Gusev declined to give a definition of what was taken over by 'coercive methods' by Germans. He also dismissed the question of compensation to the United States for its shares in Ziesterdorf oil company. Gusev further made it clear that London Declaration on forced property did not apply to Austria.²⁸

Turning to Yugoslav claims, the Council of Foreign Ministers agreed to listen to Yugoslav and Austrian delegations once more. M. Kardelj, representing Yugoslav view, again claimed Carinthia for Yugoslavia and a demilitarized frontier belt some 12 miles deep, while M. Simich asked for 150 million dollars worth of Austrian goods as reparations. They also demanded the incorporation of *certain clauses to ensure Yugoslav independence and a special autonomy status for Croats of Burgenland, a province in northern Austria*. Gruber justified Austrian claim to the region on the basis of a plebiscite held after the First World War under the supervision of the League of Nations. *Moscow Declaration*, he recalled, undertook to re-establish Austria as it existed before the Anschluss and made it clear that Austria would not sign a treaty incorporating any further change in its boundaries. The Western representatives opposed Yugoslav territorial claims but as an exception, Bidault suggested that Yugoslavia be allowed to retain *Austrian property found on its territory in lieu of its reparation demands*. General Marshall, however, made it clear that it should

²⁸ U.K., House of Commons, *Parliamentary Debates*, series 5, vol. 437, Session 1946-47, cols. 1733-40. DOSB, 30 March 1947, p. 571 and 13 April 1947, pp. 653-54.

not be more than the reparation claims put forth by Yugoslavia and besides this none of its reparation claims be entertained.²⁹

Another round of discussion by the foreign ministers on German assets was the breaking point of the Conference. The U.S. delegation on the verge of accepting the language adopted in this regard in the satellite treaties was timely warned by General Clark, who made it clear that the acceptance of the clause 'will be selling the Austrians down the river.' As such when the foreign ministers assembled General Marshall declared at the outset that there was no hope of an agreement 'unless the Russians had some concrete suggestion that would make it clear that German assets do not include assets which in justice and equity should be restored to their rightful non-German owners.'³⁰ Molotov explained :

Whatever had been taken from the Austrians.....as a result of direct violent action could not be regarded as German assets ; whatever had been taken without compensation from the state, banking and other institutions and whatever had been taken as a result of Aryanisation could not be regarded as German assets. Such property must be returned to its former proprietors who owned it before the Anschluss.

Nonetheless, he strongly opposed Austria nationalizing German assets and stressed that Austria must compensate for helping Germany in the war against the Allies. The debate ended in a verbal dual between Marshall and Molotov. In a last minute attempt to save the conference from total failure, the foreign ministers resorted to secret sessions. Though these did not yield any positive result on questions of boundaries, repatriations and German assets, an agreement was reached on some minor clauses of the treaty, viz., displaced persons, war criminals, reparation of German citizens, Austrian citizenship, withdrawal of occupation troops, process of dissolving zonal boundaries and the Allied commission and preamble to the treaty. It was also decided that the treaty be signed between the Four Powers on the one hand and

²⁹ *Weiner Zeitung*, 6, 19 and 22 April 1947.

³⁰ Clark, n. 9, pp. 491-92.

Austria on the other.

However, in view of the stalemate on major issues, General Marshall suggested that the U. N. General Assembly be requested to make recommendations on these under Article 14. Molotov considered it 'groundless' and suggested instead the establishment of a Four Power treaty commission charged with examining all the unagreed questions of the Austrian treaty, with special reference to a detailed consideration of Article 35—German assets—and appropriate parts of Article 42—United Nations' property in Austria.³¹ Accordingly it was agreed to establish a commission at Vienna. A committee of experts was also set up to discuss Article 35 as well as the corresponding parts of Article 42. This was a faint ray of hope in the otherwise gloomy atmosphere. The Western Allies, however, were optimistic about an early conclusion of the treaty as they felt that the differences between east and west were clearly stated. Nonetheless, reports from Moscow indicated a different trend, as Austrian capitalists were blamed for being active partners even after Nazi takeover. Western failure to recognise this fact was considered responsible for the failure of the Conference.³²

Austrian frustration was very natural. Foreign Minister Gruber declared the futility of optimistic words, and asked for concrete achievements. He, however, felt that Soviet support to Yugoslav claims was in accordance with the communist technique of inserting a 'Red Herring' which might be withdrawn later to pose as a concession and demand reciprocal behaviour for gains elsewhere.³³

³¹ Molotov, n. 27, pp. 101-3 and 111-12; *DOSB*, 4 May 1947, pp. 793-94.

³² U. K., House of Commons, *Parliamentary Debates*, series 5, vol. 437, session 1946-47, col. 1378. *DOSB*, 16 March 1947, p. 497. 'Two Worlds at Moscow', *New Statesman and Nation*, 26 April 1947, p. 290. Also see Fredrick C. Barghoorn, *Soviet Foreign Propaganda* (Princeton, 1964), pp. 207-99.

³³ For Soviet technique of raising issues for withdrawing these at a later date, see Admiral C. Turner Joy, *How Communists Negotiate* (New York, 1955), pp. 89-101.

Referring to the Four Power negotiations, V. L. Ostry, who observed the work of twelve-men Austrian delegation at Moscow, maintained that despite the fact that the Austrian delegation spent only three and a half hours in the conference hall out of the 720 hours of its stay at Moscow, it did some very useful and indispensable work in so far as it hindered the course of negotiations when it headed towards dangerous and detrimental decisions for Austria. Moreover, continued and close contact was maintained with the Four Powers, if not at official, at least at personal levels, and this enabled it to receive detailed information about the negotiations and also submit Austrian viewpoint to the delegates. The Austrian consensus appeared to be one of finding a means to neutralize Austria and make it another Switzerland but under the UN control.³¹

THE TREATY COMMISSION AT VIENNA

The Treaty Commission started its work in a prevailing mood of uncertainty and doubt but with the hope of establishing closer contacts with Austrian government and its experts.

On the commission, France was represented by General Cherriere, the United States by Joseph L. Dodge, United Kingdom by George Rendel and the Soviet Union by K. Novikov. An initial difference of opinion on questions of procedure was soon overcome and a subcommittee of experts was formed to handle the question of German assets. At the suggestion of the French delegate it was agreed to leave aside abstract questions of form and definition of German assets and take up concrete examples in deciding legal title to the property in question.

Difference of opinion soon arose as to the concrete cases to be handed over to the expert committee. The Soviet Union wanted it just to find out certain facts regarding oil and that too on the condition of simultaneously discussing the other related problems

³¹ Alexander Werth, *Manchester Guardian*, 10 May 1947. V. L. Ostry, *Wiener Zeitung*, 1 May 1947.

of insurance companies and industrial undertakings. Differences also arose as to the exact aspects that should be considered in deciding the nature of the assets.

The Austrian Vice-Chancellor made it clear at this stage that Austria should not be divided in zones of economic interests which would ruin her independence. An Austrian committee of experts was also formed under Gruber to advise the government on treaty matters. It accepted Yalta and Potsdam Agreements regarding reparation claims from Germany to be met, among others, by *appropriate German external assets including those in Austria*. It, however, stressed the need of further clarification regarding German assets and held that Moscow and London Declarations of 1943 and Law No. 5 of 1945 issued by the control commission in Germany provided other legal bases for a just and equitable settlement.³⁵

Nonetheless, the deadlock continued in the treaty commission till 3 June when General Cherriere put forth a compromise proposal to examine all questions relating to German assets and suggested instructing the expert committee to work out the details. He also proposed that those sessions might be secret ones. After an initial hesitation on the part of the Soviet Union and the United States, and Britain, they agreed to start work on the basis of a revised French proposal which also combined some Soviet suggestions.³⁶

In secret sessions, the treaty commission discussed the oil complex. On the basis of original documents few questions relating to Zisterdorf oil fields were concluded. The expert committee, however, was practically merged with the treaty commission as the problem was being jointly handled. By the middle of August the question of banking concerns was also near completion and the expert committee started work on the assets of the Danube Shipping Company (*Donau-Dampfschiffahrts-Gesellschaft*,

³⁵ *Die Presse* (Vienna, the Socialist Party Newspaper), 22 May 1947.

³⁶ Text of French proposals, *Wiener Zeitung*, 4 and 14 June 1947.

shortly referred to as DDSG). The Soviet Union, however, denounced the Western Powers for deferring an early conclusion of the treaty in order to gain time to enlarge their economic and political hold over Austria. The main obstacle, according to the Soviet Union, was that the United States and England were trying to present matters in such a way as if they had special rights in the oil concerns while they knew it quite well that the real ownership rested with the German firm.³⁷ The United States delegate was prepared to recognize just Soviet claims to Austrian oil industries but declined to concede any extra-territorial rights to the Soviet Union on former German assets in Austria. George Rendel, the British delegate stressed that with the re-establishment of Austrian state the entire property automatically stood transferred to the Austrian government and could no longer be classified as German assets. General Cherriere laid down some basic principles to determine what was German property. They were as follows : (1) whether the owner of the property in question, was in fact German, (2) whether the transfer of property in question was legal and (3) whether the expansion of the transferred property exactly corresponded to the so-called German assets. The Soviet Union was ready to exclude that property from German assets which was taken by Nazis by direct coercive measures. Further clarifying this, Novikov stated that this constituted property 'sold out without the consent of the owner.' This pushed the discussion to the definition of 'coercive' and 'forcible' transactions. Enumerating a few principles on which coercive and forcible transactions could be determined, General Cherriere considered it a waste of time to indulge in pernicious abstractions without translating these into concrete solutions. He proposed a plan to satisfy Soviet claims by way of transferring certain properties and rights in addition to a lump sum payment. The United States and British delegates seemed inclined to accept it as a basis for further negotiations but the Soviet representative,

³⁷ *New Times* (London), 23 August 1947.

was not very enthusiastic about it as he considered the Soviet and Western differences on Articles 35 and 42 as of fundamental nature.³⁸

The positions of Western Allies and Soviet Union seemed to differ on three fundamental issues relating to German assets in Austria. The first was the definition of German assets. The Western powers excluded pre-Anschluss Austrian property, assets acquired under force and duress or with inadequate compensation to the owner, and assets in which non-Germans held shares. The Soviet Union made exceptions in whatever had been taken without compensation from state, and whatever had been taken as a result of Aryanisation. The second issue concerned jurisdiction over these assets. The Western powers stood for Austrian jurisdiction, while the Soviet Union claimed her right to administer these assets in its zone of occupation. The third issue involved the method of settling disputes concerning German assets, in this case Soviets stood for bilateral negotiations between Austria and the individual power concerned while the Western Powers insisted on multilateral arbitration in the interest of fair solution. No agreement seemed to be emerging on any one of these.

The question of Austria's southern boundaries was, therefore, taken up. The old positions were repeated on this issue also, and it was decided to refer it back to the foreign ministers. After five months of work undertaken in eightyfive sessions of the commission, fifteen out of fiftythree Articles of the draft treaty were still controversial. The value of Soviet claims to German assets became more or less clear. These were assessed between 700 to 800 million dollars.³⁹ Moreover, each delegation collected detailed information about concrete German assets. This, however, did

³⁸ *Wiener Zeitung*, 30 August and 5 September 1947. Text of the Cherriere Plan, 6 September 1947.

³⁹ Department of State Publication 6437. *The Austrian State Treaty : An Account of the Post-war Negotiations together with the Text of the Treaty and the related Documents* (Washington, 1957), p. 4.

not yield positive results and the leaders of various delegations started leaving Vienna before the concluding session. The United States delegate, Josef Dodge was the first to leave followed by the British and the Soviet delegates. General Cherriere was the only leading delegate who was present till the concluding session. Perhaps this signified the French urge to solve the Austrian problem, trying even the last chance to prepare a fruitful basis for discussion at the London Conference of Foreign Ministers scheduled for 25 November 1947.

Austrian leaders, anxiously awaiting the conclusion of the State Treaty were again disappointed. Nonetheless, they were firm in their demand that the treaty should bring them politically and economically independent Austria within the boundaries of 1937.

Lord Schuster supported Austrian stand and criticized the Big Powers for first signing an agreement in a hurry and then trying for years afterwards to find out what that meant. Moreover, in view of the fact that peace treaties with the satellite states surrounding Austria were concluded before the Austrian problem was even considered, the process of peace making appeared to be proceeding in reverse direction. Starting to disengage themselves at the circumference, they were holding their positions firm at the centre which eventually nullified their disengagement at the circumference also. It became difficult to think of a way of circumventing this obstacle.

LONDON CONFERENCE OF FOREIGN MINISTERS

Foreign Ministers Conference at London put the Austrian question as the first item of the agenda. German assets were the axis of negotiations. Cherriere plan was the distinctive compromise proposal. Soviet Union still dissatisfied with the plan blamed Britain and the US for violating Potsdam Agreements and hindering Austro-Soviet bilateral arrangement on German assets. Marshal, however, asked for a specific statement of Soviet claims, because he felt that the Soviet Union was claiming an amount that

far excelled the value of property awarded to it at Potsdam.⁴⁰ In the last session of the conference, Molotov indicated his willingness to accept 'a percentage reduction in the Soviet claims' and was ready to further clarify Soviet stand concerning the French proposals. Two days later in a meeting of the deputies, Koltomov declared that this might be done within fourteen days.

Thus, the London Conference again ended without any final agreement. One positive achievement, however, was the willingness of the Four Powers to continue contacts on Austrian question. It was decided that the deputies should resume the work of further negotiating the unagreed clauses. The main obstacle seemed to be lack of confidence amongst the Big Powers themselves and the presence of foreign troops on the liberated territories of Europe. One led to the other, and to all of them, Austria seemed to be the only possible ground where the first step could be taken to break this vicious circle, but each hesitated to take this step.⁴¹ This was characteristic of the ambivalent approach of the Big Four in their dealings with Austria. They would steer towards a deadlock in negotiations, and then stop short before a complete break. On such occasions when all other contacts were severed, the Allied Commission for Austria was instructed to report on some problem connected with the treaty. This technique ensured that the direction of progress was maintained, although at times the pace was so slow as to be almost undetectable. In the absence of a treaty, however, Austria could not get down substantially to the basic task of social and economic reconstruction leading to a general feeling of demoralization among Austrians.⁴²

⁴⁰ DQSB, 14 December 1947, pp. 1183-84.

⁴¹ For an analysis of barriers in the way of successful international negotiations due to numerous psychological factors resulting in lack of mutual confidence, see Otto Klinberg, *The Human Dimensions of International Relations* (New York, 1964).

⁴² L. H., 'Austria: A Study in Inertia', *World Today* (London), vol. IV, pp. 41-45.

THE DEPUTIES CONFERENCE AT LONDON :

FAILURE DUE TO GERMAN ASSETS AND YUGOSLAV CLAIMS

From the London Conference of Foreign Ministers the Austrian question was passed on to their deputies who resumed negotiations on 20 February again at London. In the meanwhile the Soviet Union submitted its note on Cherriere plan. The French plan offered Soviet Union half of Austria's oil production level and one third of the registered oil exploration areas for a period of thirty years ; all assets of the Danube Shipping Company outside Austria and 100 million dollars payable in ten years to compensate for other Soviet claims to German assets.⁴³ Soviet note placed minimum Soviet claims at two-third of oil production and two-third of exploration areas for a period of fifty years ; twentyfive per cent of the DDSG assets in Austria besides its external assets in Hungary, Bulgaria and Rumania ; and 200 million dollars in lieu of the remaining assets to be paid in two years in freely convertible currency. The Western Powers considered it an 'inflated' demand indirectly calling on the United States to provide financial accommodation to Austria to meet these Soviet claims. This proved to be a major constraint on meaningful negotiations.⁴⁴

Starting discussion on German assets in the deputies conference at London, Cherriere sought clarification of the basis of the Soviet claim to twentyfive per cent of the assets of the DDSG in Austria and the reasons for its insistence on the compensation to be paid in hard currency when in the case of Italy it agreed to accept payment in kind. Koptomov made it clear that instead of 100 per cent claim to DDSG assets in eastern Austria, the Soviet Union was demanding only one fourth of it in the whole of Austria and that there could be no comparison between Italy and Austria on the question of payment in hard currency. Besides this, payment

⁴³ *Wiener Zeitung*, 29 November 1947.

⁴⁴ 'Text of the Soviet economic proposals for Austria and the French proposals for Austria', *Journal of Central European Affairs*, vol. 8, pp. 86-87. British and US positions in *Wiener Zeitung*, 18 and 19 January 1948.

in dollars was proposed by the original French plan. In further meetings Zisterdorf oil fields and the floating dockyards of the DDSG figured prominently. Western attempts to get from the Soviet Union a list of all oil refineries along with their production capacity was unsuccessful, as Koktomov refused to oblige. Moreover, he also made it clear that the Soviet Union was not interested in shares but in industrial establishments and oil companies such as OROP and the Gasolin Company. Koktomov was prepared to accept the jurisdiction of Austrian taxation on assets transferred to Soviet ownership but reserved to his government the choice to pay it in cash or in kind.⁴³

In a further session Marjoribank gave a list of oil companies which could be transferred to the Soviet Union entirely, as also to those in which 40 per cent of basic production could be controlled by the Soviet Union. Koktomov rejected the idea of negotiating over the lists. Britain and the United States considered Soviet demands as far in excess of Austria's capability and still Samuel Reber agreed to a higher percentage of oil production than the 40 per cent offered by the original British proposal, provided the Soviet Union gave complete data about the undertakings. He also wanted to know what exactly did the Soviet Union include in twentyfive per cent of the DDSG assets, and a specification about the mode of lump sum payment. He also offered to add the refinery of Hauskirschen to the list of refineries to be transferred to the Soviet Union, thus increasing the annual oil production of the Soviet Union by 70,000 tons bringing the total to 4,20,000 tons. The addition of still another refinery of Steinberg—Naphatha to the list and an offer to reduce the difference of percentage between Anglo-American and Soviet plans by half could not induce Koktomov to come to terms.⁴⁴

⁴³ *Wiener Zeitung*, 21 and 26 February 1948.

⁴⁴ *Ibid.*, 4 and 12 March 1948. For a theoretical analysis of bargaining in international encounters see O. R. Young, *Politics of Force: Bargaining during International Crises* (Princeton, 1968), pp. 25-41. Though this study is entirely 'crisis' oriented, international conflict situations cannot be considered out of

General Cherriere again tried to resolve the deadlock by proposing to discuss the problem in three stages. First, to discuss the French and the Soviet proposals clause by clause ; second, try to relate the results of this discussion to the problem as a whole, and third, to formulate it in Article 35 of the treaty. Regarding oil problem, he extended the Soviet right to drilling and production to thirty years in the region in which oil was already found. In other regions eight years of exploration rights followed by right to production of the newly found oil for another twentyfive years was granted. The Soviet delegate on the basis of international usage of maximum 90 years frist, rejected these French proposals as well. As regards the DDSG assets, an enquiry into the floating dockyards—Schwimmdock—enraged Koktomov and the question of lump sum payment also remained unresolved as the idea of goods in lieu thereof could not attract him. In further sessions, concessions made by each delegation could not bridge the gulf and still the conference dragged on.⁴⁷

After the Easter pause in the negotiations Koktomov changed his position by lowering the amount of lump sum to 150 million dollars and extending the term of its payment over a period of six years. Britain, however, made it clear that this did not basically change the original Soviet position and Austrian capacity to pay the sum was still left unconsidered. Koktomov insisted on the criterion of damages done to the Soviet Union rather than Austrian capacity to pay.⁴⁸ However, with a few more moves by all towards the position of the other side the oil complex was near solution. The percentage of production, period of exploration and further

focus, because when a 'conflict' reaches an 'eruption point' it becomes a 'crisis' calling for urgency in its termination.

⁴⁷ *Wiener Zeitung*, 16 and 26 March 1948. U. K., House of Commons, *Parliamentary Debates*, series 5, vol. 447, session 1947-48, col. 1939.

⁴⁸ *Tass*, 30 March 1948. The process of changing positions and reaching agreements during negotiations has been referred to by John T. Dunlop and James J. Healy. *Collective Bargaining : Principles and Cases* (Illinois, 1955), p. 63.

production rights of the Soviet Union, and the amount of oil to be transported from the existing refineries were decided. Although the DDSG assets and lump sum to be paid still remained undecided, a fruitful method of evolving agreement was set by the precedent on oil complex.⁴⁹

Unable to proceed forward on German assets, the deputies turned to the question of boundaries. The US and the British representatives declined to accept any Yugoslav claims in this connection, and De Leusse repeated the French stand of opposing any change in Austrian boundaries. Koptomov, however, insisted on hearing Yugoslav view once more and utilized a tie-in by agreeing to discuss military clauses of the draft if an invitation was immediately issued to Yugoslavia. Here again, the only agreement was to invite Yugoslavia, provided it first submitted a memorandum with new points of view. It was also decided to inform Austria about it and invite it too for representing its views. Subsequently an agreement was reached on the question of weapons in which Koptomov agreed to withdraw his objection to Austria equipping its army with imported weapons. An agreement was also reached on Article 26 of the draft concerning war material of Allied and German or Japanese origin to be found in Austria. Allied war material was to be returned to respective Allies and the German and the Japanese to be destroyed.⁵⁰

⁴⁹ Concessions for some sort of mutual accommodation based on the recognition of common interests is considered a useful negotiating style. Ikle holds that even in a 'zero-sum' conflict where gains of one party are exactly equal to the loss of the other some accommodating tactics through the instrument of concessions do yield dividends in the shape of fulfilment of common interests. Maintaining flexibility and cautious reciprocation of concessions, he thinks, are some of the effective instruments in this direction. Ikle, n. 10, pp. 87-89 and pp. 104-5. Motivations behind concession moves resulting in movements from original positions with which the parties start negotiating are discussed by Arthur Lall, *Modern International Negotiations: Principles and Practice* (New York, 1966), pp. 295-311.

⁵⁰ Effectiveness of 'tie-ins' in international negotiations are discussed by Ikle, n. 10, pp. 222-23. On the contrary advantages of separating issues while

Yugoslav memorandum this time reduced its claim to territory by 680 quadra kilometer, and to population by 40,000. The reparation claims to 150 million dollars besides the right to hold Austrian property in Yugoslavia were unchanged. Indicating the exact boundary demarcation which Yugoslavia desired, the Memorandum asked for the protection of Slav minority, which would still be left in Austria. When Yugoslav Deputy Foreign Minister Bebler, and Austrian Foreign Minister, Gruber, presented their respective standpoints before the Conference, their arguments revolved more round the historical role rather than the ethnic aspect of the problem. Both were asked to submit their further arguments in writing.⁶¹

The three Western powers unanimously refused to accept any change in Austrian boundaries. Kottomov, however, continued to support these with Gruber making it clear that Austria, would itself obstruct further negotiations if the Big Powers showed an inclination to accept any boundary change or reparation demands from Yugoslavia. At London the delegations seemed ready to leave and Kottomov's efforts to draw his Western counterparts into discussion on Yugoslav claims or any other problems evoked no response. No formal session was held after 6 May and the negotiations were formally broken by Reber, who expressed his inability to decide the date of further meeting in view of the then existing situation.⁶²

negotiating are dealt with by Roger Fischer, 'Fractionating Conflict', in R. Fischer ed., *International Conflicts and Behavioural Science* (New York, 1964).

⁶¹ *Wiener Zeitung*, 29 April 1948. The territory renounced by Yugoslavia in this second memorandum was Lower Gailtal and parts of the Villach town south of Drav and the surrounding area which constituted 480 quadra kilometers with a population of 33,000 residents and the region of Pustirz—Granitzahl, Sankt Paul, Legerbuch, Nettendorf, Ettendorf, a part of the region Lavamuend and Soboth which in all constituted an area of 200 quadra kilometers and 7,000 population. K. R. S., 'Slovene Carinthia, the Austro-Yugoslav Frontier Question', *World Today*, vol. III, pp. 389-97.

⁶² *Wiener Zeitung*, 25 May 1948.

from where a further communist advance into Europe could take place. Soviet concessions on German assets were interpreted in Western circles in the light of these developments. The signing of Austrian treaty, they felt, might be a tactic of eliminating Western troops from the land and clearing the ground for a repetition of Czechoslovak experiment in Austria. Hence, Western reluctance to leave Austria at that time obstructed the treaty negotiations to a great extent.⁵⁷

Perhaps the Soviet Union too was not very enthusiastic about withdrawing its troops from Austrian soil, which the treaty would have necessitated. This would have also removed a legal basis for maintaining Soviet troops on the territories of all the satellite states to the east, thereby depriving the Soviet Union of a strategic advantage from where it might have still hoped to teach a lesson to the Yugoslav rebel.⁵⁸ None of the Powers, thus, seemed keen to conclude Austrian State Treaty at this juncture because as Renner aptly remarked, 'the Powers are negotiating over Austria but they are dealing with Europe.'⁵⁹ After Tito's expulsion, the Western powers also felt that Soviet support to Yugoslav claims might be withdrawn but developments over Berlin made them sceptical about the success of negotiations with the Soviet Union on any issue. The task thus was one of finding a means of effective communication between the Soviet Union and the West with reference to a genuine Soviet desire to negotiate.⁶⁰

⁵⁷ John C. Campbell, *The United States in World Affairs, 1947-48* (New York, 1948). An impact 'force of events' considerations exert on crisis situations has been analysed by Young, n. 46, pp. 96-97. This is valid in conflict situations as well.

⁵⁸ Karl Gruber, 'Austria Holds On', *Foreign Affairs* (New York), vol. 26, pp. 478-85. For Soviet-Yugoslav split, see Robert Bass and Elizabeth Marbury, eds., *The Soviet Yugoslav Controversy 1948-1958: A Documentary Record* (New York, 1959).

⁵⁹ Karl Renner, 'Austria Key for War and Peace', *Foreign Affairs*, vol. 26, pp. 289-603.

⁶⁰ *Wiener Zeitung*, 7 September 1948. John W. Burton, *Conflict and Communication: The use of Controlled Communication in International Relations* (London, 1969), pp. 55-59.

At this stage Austria took the initiative by requesting the Big Four to resume negotiations on Austria and this was consented to with the decision to start discussion by February 1949.⁶¹

It is worthwhile to digress a little to uncover the roots of the Soviet and the Western, particularly the United States policy in this entire region of Central Europe. The traditional Soviet interest of imperium on the territories of Central Europe was an inheritance from Czarist Russia and a realist political need. Soviet security had often been threatened by converting this region as a stepping stone by any emergent power on the European continent. Similarly, the search for an access to warm waters of the Mediterranean and Persian Gulf for its economic as also security needs had been a vital policy objective since the Czarist era. This had inspired its numerous thirsts to get control of Constantinople, Bosphorus and Dardanelles. Earlier, it was conceived as a religious mission and imperial destiny of Russia for re-establishing the orthodox and catholic communion disrupted by the Ottomans and also the Habsburgs who held a sizable number of slaves under their control. Catherine the Great visualized a Russo-Greek Empire and the fifteenth century Czars entertained the idea of incarnating Russia as the 'Third Rome.' With Communist leaders of the Soviet Union, this became a mission of liberating workers of the world from the chains of capitalist exploiters. Since the earliest times, the Soviet interest was also motivated by a pull to be in constant touch with technologically developed states to the West for its own modernization process. In pursuant with these objectives towards the end of the Second World War, it was for the first time that Stalin's army was successful in establishing this imperium in Central Europe. After the end of the war, the trails of vast devastation made it imperative for the Soviet Union to retain this area under its control. Besides the dictates of strategic calculations, it was also essential for its economic reconstruction. Oil terrains of the Balkans were particularly

⁶¹ Text of Austrian note *Wiener Zeitung*, 8 December 1948.

significant in this respect. This explains the Soviet urge to have a strict control over the states around its territory.⁶²

The Anglo-French anxiety to contain this Soviet advance was also in tune with their traditional foreign policy goals of maintaining a balanced power structure in Europe for the stability of their state system. Their call for the United States help was natural as the Second World War nearly exhausted the Anglo-French national substance. The United States was the only power at that time which could deter any further Soviet advance. Simultaneously, the United States involvement in Europe was a logical step of its policy of interventionism slowly growing on the European scene since the turn of the twentieth century. Confined to Western Hemisphere till the end of the nineteenth century, the policy was termed as 'isolationism' and 'neutralism'. The 'suicide of Europe' with the outbreak of the First World War accentuated America's imperial potential. Its economic stake in Europe also dragged her irresistibly into European conflicts. Moreover, the United States considered it a danger to its own security if a single power was allowed to have economic-military domination of the Eurasian continent. The danger to its economic and security interests was further brought home by its experience during the era of 'withdrawal' from European scene between the two world wars. The most decisive expressions of this consciousness were, Marshal Aid for European recovery and NATO military alliance, both coming on the heels of Truman doctrine to contain communism. It was proclaimed immediately after the end of the Second World War as Soviet imperium was set on the territories of Eastern

⁶² For a general exposition of East West contest in the area see Issac Deutscher, *The Great Contest : Russia and the West* (London, 1960). Oscar Yaszi, 'Central Europe and Russia', *Journal of Central European Affairs*, vol. 5, pp. 1-16.

For an analysis of the Soviet policy of imperium in the area. D. J. Dallin, *The New Soviet Empire* (London, 1951). Virginia Cowels, *The Russian Dagger : Cold War in the days of Czars* (London, 1969). Fritz Ermarth, *Internationalism, Security and Legitimacy : The challenge to Soviet Interests in East Europe, 1964-1968* (California, 1969).

Europe and threatened the fulfilment of the vision of a Russo-Greek empire of Catherine the Great. Consequently, it was a reflection of the distinct US need to prevent further expansion of communist domination on the single most valuable centre of material power as well as of cultural affinity outside the North American continent. In view of these Great Power calculations, further accentuated by the onset of atomic era, it was obvious that their wider interests in the region were bound to have an impact on their entanglement on any small location in the area. To a considerable extent, this disrupted Allied unity in the post-War period and hampered the progress of peace-making in the region.⁶³

The pattern of negotiations obviously differed considerably in case of each of the four powers, although the western powers often acted as a consortium. The Austrian role of catalytic pressure on the four powers contributed to the functioning of big power diplomacy within a framework in which political independence and economic security of Austria were accepted as explicit goals by all. The Austrian Government's conception of its catalyst role had its most crucial characteristic in the assertion of Austria's moral right to be treated as a 'liberated state.' Not having coercive methods at their disposal, Austrians had to find substitutes for accelerating the mechanism of international negotiation. Austrians also faced a constant problem of ensuring that the tensions generated by the lack of political homogeneity among the four powers did not frustrate the search for a viable equilibrium. The bargaining context with the Soviets suffered in particular from that regime's inexorable post-War demands which were meant to

⁶³ Imperial character of U. S. foreign policy is discussed by George Liska, *Imperial America: The International Politics of Primacy* (Baltimore, 1967). Ronald Steel, *Pax Americana* (London, 1968). The beginning of US overt involvement in Europe and an eclipse of its isolationist Policy are discussed by Robert Sobel, *The Origins of Interventionism: The United States and the Russo-Finnish War* (New York, 1960).

For an analysis of an evolution of European and American communion see Daniel Lerner and Morton Gordon, *Euratlantica: Changing Perspectives of the European Elites* (London, 1969).

advance the transcendent purpose of 'revolution.' Austrians carefully separated their opposition to Soviet demands on their economic resources and its political cross pressures, from excessive involvement in antagonistic compulsive relations with the Soviets. Their assessment of the oscillating phases of big power negotiations stressed the primacy of 'self determination' not by way of challenging the policy orientations of the four powers but by stressing their common interests in widening Austrian autonomy in domestic affairs slowly leading to the restoration of their national sovereignty.

CHAPTER FOUR

OBSTACLES AND ASYMMETRIES†

LONDON CONFERENCE OF DEPUTIES

After a lull of eight months the new Soviet peace offensive carried to the Western capitals by Vienna created a stir but was subjected to pessimistic speculations. Though the Stalin-Tito rift was confirmed, it was open to serious doubts whether the Big Four genuinely cherished the desire to disengage themselves from the area.

Starting negotiations on the boundaries of Austria, the Western powers were quite disappointed as Zarubin pressed for hearing Yugoslavia once more. A heated discussion ultimately resulted in a decision to allow Yugoslavia to represent its case. A similar request by Austria was also granted. This time Bebler's contacts with the Western deputies were indicative of the changed attitudes of the Soviet Union and Yugoslavia.¹

Presenting Yugoslav case, Bebler asserted Yugoslav right to Carinthia, but also declared his preparedness to make concessions in view of the rigid attitude of the Western Powers. His

† Asymmetry refers to differences among the conflicting parties, either preexisting or deliberately induced, which is used by them to create a divergence within the negotiating framework to stultify meaningful negotiations. Refer to Footnote 7 below.

¹ The representatives for this Conference were, Reber for the United States, Berthlot for France, Marjoribank for Britain and Zarubin for the Soviet Union.

main suggestions were : first, rectification of the present boundary lines ; second, political, economic and cultural autonomy for Slovene Carinthia on the basis of a 'real self-government' within Austrian Republic ; third, Austria should make substantial reparation payments to Yugoslavia ; and fourth, Austria should guarantee minority rights to every Croat and Sloven even outside the autonomous province in Carinthia. Reber Berthlot and Marjoribank sought several clarifications from Bebler, who concentrated more on delineating the methods whereby Yugoslav claims could be fulfilled, rather than justifying the bases of these claims.²

Austrian Foreign Minister, Gruber, declined to accept Yugoslav compromise proposals as he considered these a suggestion to divide Austria for political gains. Quoting the census of 1934, Gruber said that there were only 174,000 non-German speaking Austrians in the whole of Austria out of which only 17 per cent lived in Carinthia and it would be discriminating to create an autonomous province for them when the constitution provided minority safeguards in general. Moreover, Gruber referred to a practical technical difficulty in creating the suggested autonomous province as there was no such region in Carinthia which recorded absolute Slovene majority. Gruber declined to accept Yugoslav reparation claims also though he was prepared to explore plans of economic cooperation between the two countries. Bebler, however, foresaw no friendly cooperation at any level till Austro-Yugoslav border was rectified. Zarubin supported Yugoslav claims 'in principle'. Reber and Marjoribank were basically opposed to these and Berthlot suggested evolving a compromise by way of including a general clause in the treaty guaranteeing safeguards to all minorities in Austria. It was decided to ascertain the views of Austria and Yugoslavia again in the light of this suggestion.³

² Text of the Yugoslav note and Bebler's exposition, *Wiener Zeitung*, 25 February 1949. Gerald Stourzh 'Zur Entstehungsgeschichte des Staatsvertrages und der Neutralität Oesterreichs 1945-55', *Oesterreichische Zeitschrift fuer Aussenpolitik* (Vienna), Heft 5/6, Jahrgang 5, 1955, p. 309.

³ *Wiener Zeitung*, 4 March 1949. Yugoslav claims to lower Styria and

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

In a supplementary memorandum, however, Bebler suggested that Austria should demilitarize 20 kilometer area along the present Austro-Yugoslav border, should renounce all property claims against Yugoslavia and should undertake to repay all pre-war Yugoslav debts. Besides this, the memorandum also asked Austria to undertake the responsibility to forbid all pan-German propaganda and the propaganda against the United Nations and repatriate the refugees and the displaced persons within three months of the signing of the treaty. The noteworthy point about this memorandum was that it no longer demanded cash payment for the reparation claims but asked for goods and services instead. Zarubin suggested the establishment of a special committee to study the whole question. The Western Powers suggested that the committee should keep in view the Potsdam Agreement of exacting no reparations from Austria, but this was unacceptable to Zarubin. Hence, no committee was formed.⁴

Austria and Yugoslavia were heard once more by the deputies. Yugoslavia again demanded rectification of the boundaries whereas Austria emphasized that it would accept the treaty only if its 1938 boundaries were assured. It was clear that the progress of negotiations depended on Soviet consent which was still not obtained. Marjoribank's plan for extensive safeguards for all minorities in Austria did not satisfy Zarubin and further meetings recorded a tendency to avoid the issue rather than solve it.⁵

Article 16 concerning the refugees and displaced persons in Austria was another point of dispute. Zarubin suggested dropping the word 'refugees' off the Article. Marjoribank opposed the idea and clarified that 'refugees' referred to the persons of erstwhile

most of Carinthia including the major towns of German speaking majority—Rad-Kersburg, Marburg, Klagenfurt and Villach—date back to the days of Paris Peace Conference of 1919, Ivo J. Lederer, *Yugoslavia at the Paris Peace Conference: A Study in Frontier Making* (London, 1963), pp. 100, 219-27, 310.

⁴ *Wiener Zeitung*, 9 March 1949.

⁵ Cary Travers Grayson, Jr., *Austria's International Position 1938-1953: The Reestablishment of Independent Austria* (Geneva, 1953), p. 146.

German nationality while 'displaced persons' were those who were nationals of one of the United Nations. Reber also emphasized that the Article should contain both the words or none. The Soviet delegate withheld his consent and no positive achievement was possible. In the military clauses, Zarubin opposed the *idea of Austrian civil or military air force and army being manned by foreign experts* while the Western powers considered such a clause a limitation on Austrian sovereignty. It is interesting to note that the technical differences apart, the draft of Article 26 remained unagreed in a further meeting because the deputies failed to render an exact translation of the word 'war material' in Russian language.⁶

The question of German assets was taken up with renewed vigour with Western Powers seeking to settle the problem with reference to concrete situations and Zarubin insisting that there should be an agreement in principle first on all issues; oil, DDSG (Danube Shipping Company) and the lumpsum payment. Marjoribank demanded concrete data about oil production in 1947 to facilitate a decision on percentage. Reber suggested forming a subcommittee to solve the differences but Zarubin insisted on agreement in principle first.

As regards the lumpsum payment, the Western offer was 100 million dollars in currency and/or kind and Austrian external assets in Bulgaria, Hungary and Rumania. Zarubin was adamant on 150 million dollars demanded earlier. He was not ready to extend the frist either to more than six years. Western powers were ready to concede to Soviet demand on certain preconditions. First, on the manner in which the oil and DDSG assets would be settled; second, on the method of payment of the sum; third, on the proof that Austria was in a position to pay that amount; and fourth, on the conditions under which those former German assets would be placed under Austrian authority. In short, they pleaded for a guarantee of Austria's economic independence. Zarubin

⁶ *Wiener Zeitung*, 17 February and 2 April 1949.

expressed his inability to reduce the Soviet demands. When the matter was again up, the U.S. representative put forth his government's offer to increase the lumpsum payment to be paid to the Soviet Union again subject to four conditions : (1) that the Austrian government be permitted to pay it in convertible currency, in kind or in both ; (2) that Austria's former assets in Bulgaria, Hungary and Rumania be taken into account ; (3) that there be 'adequate' settlement concerning Austrian claims for repayment of relief costs ; and (4) that there be a 'clear cut' agreement concerning Austrian industries to which the Soviet Union would relinquish its claims in return for the lumpsum payment. The remaining points to be settled in this connection were the time limit for each instalment and the question of further action if Austria was unable to conform to these fixed terms. Zarubin asked about Western claims. All the three representatives clarified their governments' stand of returning those assets without any kind of payment in lieu thereof.

Discussions on Articles 42 and 43 relating to the security of property of the U.N. and their nationals yielded no agreement. Article 36 dealing with the return of the treasures of art and culture of the United Nations found in Austria and Article 38 asking Austria to renounce the claims to Austrian property in Germany also remained disputed. The administrative committee of the Conference was asked to submit a final report on Article 44 on the property rights and interests of minority groups in Austria, but no date was fixed for the submission of the report. An interesting point discussed during the early meetings of this conference was the repayment to be made by Austria for relief supplies rendered to it by liberating armies from 8 May 1945 and would be rendered to it till the signing of the State Treaty. The Western powers were ready to renounce their claims in this connection as well but not the Soviet Union. At this stage, the question of these 'Relief Debts' or 'Stalin Gift' or the 'Dried Peas debt' as they were variously called, was not considered important but it was developed into a significant 'asymmetry' which blocked the final conclusion

of the treaty at a later stage.⁷

In view of the near stagnation in the conference, Reber proposed an interval of fourteen days and it was immediately accepted by all. No change was, however, witnessed when the negotiations were resumed with a discussion on German assets.

The question of the repayment of interests on government securities between the period of Anschluss and the beginning of the war was discussed next. A difference of opinion was recorded between France on the one hand and the United States, Britain and the Soviet Union, on the other. After a short discussion a general agreement was reached to the effect that these claims should be directed against Germany and not against Austria, but the question remained short of complete agreement due to differences on points of detail. Discussions on Articles 36, 38 and 42 yielded no results. The subcommittee formed to evaluate Austrian property in Yugoslavia also reported failure. Reber, therefore, suggested breaking off the negotiations till the Paris Session of the Council of Foreign Ministers was over. Accordingly the deputies agreed on an interval till 25 June 1949.⁸

Meanwhile, the Western powers organized themselves for collective security and defence under the banner of NATO on 4 April 1949 and the statute of the Council of Europe was signed by the representatives of ten European countries outside the Soviet bloc on 5 May 1949. Both these were interpreted by the Soviet

⁷ For an analysis of how the basic political context is structured during a crisis so as to capitalize on various asymmetrical aspects on the relationship for bargaining purposes see O. R. Young, *Politics of Force: Bargaining During International Crises* (Princeton, 1968), pp. 362-63. Such a tactic, however, evokes a response in the form of efforts to redress the asymmetrical advantages, *Ibid.*, p. 366. These processes are also visible while negotiating on conflict situations.

⁸ *Wiener Zeitung*, 28 April and 11 May 1949. Article 36 dealt with the problem of returning to Austria its property found in the United Nations territories. Article 38 concerned Austrian property in Germany and renunciation of Austrian claims against Germany. Article 42 related to the safeguard of property interests of United Nations and their nationals in Austria.

Union as instruments of offence directed against the entire Soviet bloc and hence received hostile Soviet response. Lifting of Berlin blockade on 12 May 1949 did not normalize the situation, and in accordance with the 'Basic Law' the Federal Republic of Germany came into existence on 23 May 1949 uniting the three Western zones of Germany. Turkey, Palestine and China continued to be areas of tension. It was but natural, therefore, that the fortunes of Austria should be swept into the prevailing currents and cross-currents of international conflict and tension.⁹

PARIS SESSION OF THE COUNCIL OF FOREIGN MINISTERS : BASIC AGREEMENTS REACHED

The Austrian question was included in the agenda of the Paris session of the Council of Foreign Ministers without any difficulty. Being aware of the fact that negotiations in a 'gold fish bowl' were unproductive of an agreement, the four Foreign Ministers, Acheson, Schumann, Vyshinsky and Bevin resorted to secret sessions at Paris during the the middle of June. This evolved an agreement on Austro-Yugoslav border and some substantive issues regarding German assets in Austria.¹⁰

⁹ Joseph E. Johnson, 'The Soviet Union, the United States and International Security', *International Organization* (Boston), vol. III, pp. 1-14. The paradox of mutual security arrangements as a defensive instrument and increased possibility of confrontation has been dealt with by Liddel Hart, *Deterrence or Defence: A Fresh Look at the West's Military Position* (London, 1960).

¹⁰ Sensitivity of negotiations to the 'light of day' in industrial negotiations is referred to by John T. Dunlop and James J. Healy, *Collective Bargaining, Principles and Cases* (Illinois, 1955), pp. 65-66. The necessity of secrecy in international negotiations has always been recognized. Even President Wilson, the advocate of 'open covenants openly arrived at' and of diplomacy proceeding 'frankly and in public view' made clear that by these dictums he did not mean 'negotiations' but the 'results of negotiation', quoted by H. Nicholson, *The Evolution of Diplomatic Method* (London, 1954), p. 76.

For an interesting account of secrecy followed throughout the early diplomatic practice including negotiations and the gains thereof see James Westfall Thompson and Saul K. Padover, *Secret Diplomacy: Espionage and Cryptography 1500-1815* (New York, 1963).

Last day of the Conference of Foreign Ministers was again marked by a number of meetings—open and secret. During these meetings it was finally decided to reestablish Austria within the frontiers of 1 January 1938. Austria was to guarantee rights of Slovene and Croat minorities within the state. Further, she was not to pay any reparations, but Yugoslavia was allowed to seize, retain or liquidate Austrian property, rights and interests within Yugoslav territory. At the same time Soviet demand for 60 per cent oil concession rights in Austria for extraction and exploration was conceded. The former German assets in DDSG in eastern Austria were also granted to the Soviet Union, besides the company's external assets. Both these, however, were subject to precise definition of what these involved. Soviet demand of 150 million dollars in freely convertible currency to be paid in six years was also accepted. In return Soviet Union was to relinquish everything claimed by it as 'other German assets' and 'war booty' except the oil and DDSG assets. The term 'war booty' was also subject to more exact definition. The significant clause stated, 'the Deputies shall resume their work promptly for the purpose of reaching agreement not later than 1 September 1949 on the draft as a whole.'¹¹

The Soviet Union no longer stood for Yugoslav claims. After its open break with Tito, Moscow took one complete year for public withdrawal of its support to Yugoslav claims.¹² Some welcomed it as creating a new and hopeful phase in East-West relations, while others interpreted it just a declaration of ceasefire in the cold war and were bold enough to ask which year of September 1 were the deputies expected to complete their work.

Gruber was also sceptical about an early settlement on a

¹¹ Text of the communique in H.M.S.O., *Command Paper 7729*, pp. 19-22.

¹² In this connection see A. G. Ulam, 'The Background of the Soviet Yugoslav Dispute', *Review of Politics* (Notre Dame), vol. 13, pp. 39-63. Also see David J. Dallin, 'Stalin, Renner and Tito: Oesterreich zwischen dorbender Sowjetregierung und den Jugoslawischen Gebietsanspruchen im Fruhjahr 1945', *Europa Archiv* (Bonn), vol. 13, pp. 11030-34.

treaty in view of Vyshinsky's last minute supplement to add a clause to the communique granting Soviet right to export profits derived from those industries which it was to retain under the Paris Agreement. Soviet request to postpone the resumption of talks by the deputies created further doubts about the possibility of an early conclusion of the treaty.¹

THE DEPUTIES CONFERENCE AT LONDON

On 1 July 1949 as the deputies resumed their work at London, Article 7 of the treaty concerning the guarantee of human rights to minorities, brought forth the first difficulty as the Paris Agreement envisaged a special clause on Slovene and Croat minorities. Berthlot suggested inserting a special article for this. Reber proposed that the words of the Paris Communique should be accepted while Zarubin considered these just a basis to formulate the clause. He put forth a draft proposal which was unacceptable to the West.¹¹ Coming to Article 45, Mallet, the British representative, suggested inclusion of a clause to the effect that no reparations should be exacted from Austria on account of the condition of war that existed in Europe from 1 September 1939. Other deputies agreed to study it. Article 16 concerning the displaced persons was retracted as Reber expected to receive new instructions on the Article from Washington. Article 27 denying Austria technical advisers and experts from foreign countries for its civil and military air force recorded disagreement. To their utter dismay the Western deputies also discovered that the Soviet Union did not finally accept Austrian boundaries as of 1938, when Zarubin explained that the question of reparations being not yet settled the co-related question of boundaries could not be taken as finally

¹¹ After the Paris Agreement the disputed points of the draft were Article 48 : the settlement of Austrian debts contracted before the Anschluss, Article 16 : the future of displaced persons ; Article 27 : the employment of foreign experts in Austrian civil and military aviation ; Article 48 bis : relief debts ; and Article 42 : United Nations property in Austria.

¹² Text of Zarubin's proposal, *Wiener Zeitung*, 5 July 1949.

Treaty. Reber's suggestion of quarterly instalments during the first year and yearly afterwards was not acceptable to Zarubin and a possibility of half-yearly instalments was also ruled out by him. Zarubin also disagreed to estimate the amount of 150 million dollars according to the value of gold parity as on 1 September 1949. The provision of exchange covering, however, was agreed upon on the condition that it would remain non-transferable and free of interest.¹⁷

Reverting back to the definition of war booty, Zarubin specified that the rolling material being movable property could not be included in the category of war booty to be returned to Austria. This practically sealed off the fate of 500 Austrian locomotives under Soviet custody. Regarding industries and industrial establishments, he clarified that those which remained in Austria at the time of coming into force of State Treaty would be handed over to Austria, the rest would be the property of the Soviet Union.

Paragraph 9 of Article 35 also recorded disagreement. It referred to the settlement of differences between Austria and any other occupying power in case these arose in the fulfilment of treaty obligations under this Article.

Article 36 asking Austria to return the treasures of art plundered by Nazis during the war also recorded disagreement because Zarubin insisted that when such a treasure was not exactly identified, Austria should return to the nation concerned a piece of art of equal worth. Articles 41 and 42 determining German claims against Austria, and the elimination of German ownership and control rights within 18 months of the coming into force of State Treaty respectively, remained short of an agreement and differences were confirmed on Article 48 concerning relief debts.

Negotiations so far were not all a record of disagreements. In one of the early meetings the deputies reached final agreement on Article 34 on the basis of a British proposal exempting 'Austria'

¹⁷ *Wiener Zeitung*, 9 and 15 July 1949.

from any reparation payments. They also agreed on Article 45, on the basis of Soviet text consenting to the return of Austrian property found on the territories of the Allied and Associated Powers, with the exception of Yugoslavia which was allowed to retain or liquidate it. A further agreement was reached on paragraph 7 of Article 35 defining the kind and manner of export of profits and other revenues to be given to Soviet Union. Article 38 referring to the return of Austrian property transported to Germany during the period of Anschluss was also agreed upon. Discussion on Article 44 also led to an agreement restoring the property rights and safeguarding the business interests of minority groups which were discriminated against during the Anschluss on religious, racial or such other grounds. Article 43 placing the United Nations nationals on par with Austrian citizens under the Austrian law for matters of their property rights in the land was also accepted in principle. Final acceptance was subjected to an agreement on Article 35.¹⁸ These, however, were minor agreements in view of the points still in dispute.

The expert committee on oil submitted its report to the conference on 26 July 1949. There were two estimates, one Soviet and the other Western, each dealing with four aspects of the problem viz., oil production, utilization of the oil, exploration rights and financial questions. Difference existed on each one of these.

Under oil assets, the Soviet Union claimed the transfer of entire machinery and other establishments connected with oil fields including even the telephone lines. Further differences concerned the list of oil fields claimed by the Soviet Union. Mallet was of the view that oil fields should be so divided that there should not be much divergence between the production of 60 per cent oil fields going to the Soviet Union and the remaining 40 per cent to

¹⁸ The British text of article 34 and the Soviet text of article 45, *Wiener Zeitung*, 8 July 1949. Text of paragraph 7 of article 35, *Ibid.*, 13 July 1949. Agreement on article 38, *Ibid.*, 20 July 1949. Details of agreements on articles 43 and 44, *Ibid.*, 23 July 1949.

be retained by Austria. The Soviet Union objected to it in the beginning. After a month, however, Zarubin withdrew Soviet claim to a small oil field declaring his preparedness to renounce claims to all such oil fields which, according to Western opinion, transferred to the Soviet Union more than the agreed 60 per cent of oil production. Further concession relating to drilling material was also made by the Soviet Union.¹⁹

Oil refineries posed another obstacle. The Western powers held that Soviet claims gave it refineries of the yearly capacity of 420,000 tons of oil, much more than the agreed quantity while Zarubin complained that the refineries given to the Soviet Union according to Western plan were of yearly capacity of 250,000 tons, much less than the agreed quantity. A small step forward was an agreement on the question of Austrian oil distribution companies to be transferred to the Soviet Union.²⁰

The subcommittee on DDSG also recorded differences. Mallet suggested that DDSG assets should be determined on three bases : first, the areas in which DDSG property was found, the rights concerning these and the method of transferring these rights. The discussion, however, could not proceed as Zarubin claimed property and establishments of the subsidiary companies also. An agreement was, nonetheless, reached according to which the Soviet Union was to get 36 out of 37 ships of DDSG claimed by it and the dockyard of Korneuburg along with all its establishments. No decision was possible on Vienna dockyard and its establishment.²¹

Renewed efforts for a settlement of the method of payment of

¹⁹ *Ibid.*, 28 July 1949. These haggling activities reveal the procedure of 'gain-maximising policies' and 'loss-minimising calculations' in competitive cooperative bargaining. For theoretical elaboration see Young, n. 7, pp. 28-33. The concept of maximising 'expected value' has been developed in game theory. See for example Duncan Luce and Howard Raiffa, *Games and Decisions* (New York, 1957).

²⁰ *Wiener Zeitung*, 20 and 30 July 1949.

²¹ *Ibid.*, 3 and 4 August 1949.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

Moscow.²⁴ This London session of the deputies, though failed to arrive at complete agreement, was significant in so far as the draft treaty received a clearer formulation than ever before. Austria on its part was ready to purchase a treaty at a high price by way of accepting most of the Soviet demands. The Western concessions, however, came a bit too late and led to a search for further asymmetries which could be induced into the negotiating framework.²⁵

The widened rift between Tito and Stalin secured on the one hand Soviet renunciation of its support to Yugoslav claims and on the other put an obstacle in the final conclusion of Austrian treaty, as the Soviet Union became more firm in its policy of maintaining troops in Hungary and Bulgaria at the juncture. Occupation of Austria was a necessary precondition for this which increased the importance of this outpost for both the Allies and though they did come to the conference table with a declared intention to solve Austrian problem, a real desire to disengage from the area was still lacking. Moreover, Soviet concessions so far were at the cost of Yugoslavia which was no longer a friend of the Soviet Union and it was doubtful whether the Soviet Union would extend these in case of its personal claims particularly on the issue of German assets. This aroused a doubt in the minds of the Western delegates as to the extent to which they should respond Soviet concessions.²⁶

After a prolonged silence, Moscow conveyed Soviet acceptance of resuming Austrian negotiations at New York on 22 September 1949. At the same time Soviet Union charged the Western powers with delaying Austrian State Treaty in order to form an economic

²⁴ DOSB, 12 September 1949, p. 399.

²⁵ The list of the agreed and unagreed articles in *Wiener Zeitung*, 2 September 1949. DOSB, 12 September 1949, p. 399. The Bulletin states that 13 articles were agreed and 9 remained unagreed. The concepts of 'natural asymmetries' and 'induced asymmetries' to cause divergence within the framework of a particular bargaining situation are discussed by Young, n. 7, pp. 33-34.

²⁶ Stourzh, n. 2, p. 310.

economic concessions at New York seemed to have been influenced by their eagerness to secure the withdrawal of Soviet troops from Austria which superseded all other considerations. Their earlier argument of Austrian incapability to meet Soviet demands still held good as there was no decisive change in its economic position. To an extent this might also have been guided by Western recognition of the genuine Soviet economic needs for its reconstruction.³⁰

Curiously enough, further meetings led to the recounting of differences on various Articles and a deadlock seemed to have developed concerning Articles 48 and 48 bis when the 'Red Herring' thrust earlier by the Soviet Union was vigorously renewed. The Soviet representative insisted on the settlement of relief debts before a final agreement could be reached. Reber objected to giving a blank cheque to the Soviet Union in this connection and asked for its previous settlement with Austria. Austro-Soviet bilateral talks on the issue were going on at Vienna but no information regarding its progress was available. A second round of discussion on the remaining unagreed clauses yielded no results. On the other hand the new Soviet demand of relief debts became 'icing on the cake' creating serious doubts as to the Soviet sincerity for concluding the treaty.³¹

³⁰ The Department of State Publication, 6437, *The Austrian State Treaty* (Washington, 1957), p. 17. For an experimental analysis of the notion of trust based on interest as a possible basis of conflict resolution see Bernhardt Liberman, 'i-Trust: a Notion of Trust in Three Person Games and International Affairs', *Journal of Conflict Resolution* (Michigan), vol. VIII, pp. 271-80. An analogous concept can be traced in the theory of cooperative games where parties to the conflict are considered to be planning their bargaining positions on the basis of mutual expectations to act 'rationally', i.e., each trusts that the adversary would act by maximizing its 'expected utilities'. See John C. Harsanyi, 'On the Rationality Postulates underlying the Theory of Cooperative Games', *Ibid*, vol. V, pp. 179-96.

³¹ Richard Hiscocks, *The Rebirth of Austria* (London, 1953), p. 196. Dunlop and Healy have used the phrase 'icing on the cake' for referring to the nuisance value of some minor demands when the principal points have been concluded, Dunlop and Healy, n. 10, p. 55.

Austro-Soviet bilateral talks at Vienna on 'relief-debts' also reached a deadlock point. Soviet Union was demanding 4 million dollars for the goods and services delivered to Austria in the first month of occupation in addition to 50 to 100 million Austrian Schillings for the rest of the period. This was unacceptable to Austria as it clarified that the so called 'Stalin Gift', actually consisted of the goods requisitioned by Soviet troops from Austrian military depots when they marched into Austria. Nonetheless, Austrian government was ready for a 'reasonable settlement', but its proposals submitted to the Soviet Union in September 1949 remained unanswered till December. Chancellor Figl's attempt for an agreement in a discussion with the Soviet High Commissioner, General Sviridov, also proved fruitless and Zarubin specified that further progress at New York depended on the success of negotiations at Vienna. He also informed that the Austrian proposal of September 1949 was unacceptable to the Soviet Union. Mallet, therefore, suggested a postponement of the next meeting till the middle of January 1950 to be resumed at London again.³²

THE INTERLUDE OF GENERAL ELECTIONS IN AUSTRIA

Meanwhile the unexpected defeat of the Communist Party in the national elections of 9 October 1949 revealed to the Soviet Union the ineffectiveness of that instrument to constitutionally control the Austrian scene. The seats of the Communist Party in the Federal Parliament though increased by one, did not substantially improve the position of the party over what it was after the general elections of 1945.³³ The results of the elections in Trade

³² The Soviet Army had requisitioned mostly peas from the 'Wehrmacht' stores which were turned over as 'Stalin Gift'. The relief debts, therefore, were termed by Austrians as 'Erbesen Schulden' (dried peas debts). The services rendered were the rebuilding of some bridges also celebrated at the time as 'Gifts of the Soviet Army to the people of Austria'. K. R. S., 'The Situation in Austria', *World Today*, vol. VI, pp. 441-42.

³³ In 1945 Communist Party had won 4 seats with 174, 257 votes in the

Union Work Councils had raised the hopes of Communist Party for a similar outcome at political level which were not fulfilled. Even at economic level its influence lacked concrete support when it was put to practical test for political purposes during the general strikes called on 26 and 27 September and later on 4 and 5 October 1950. These were characterized by Minister Helmer as the last desperate attempt by Communists to seize power.³¹ The Communist Party of Austria took resort to the strikes having learnt the futility of its strength in the national elections of 1949. It also took advantage of the split between the coalition partners—the People's Party and the Socialist Party—on the maintenance of price wage line.³² The failure of strikes only confirmed the impotence of the Communist Party of Austria and the willingness of Austrians to defend their independence. At the same time the general elections of 1949 also proved that despite critical differences between the coalition partners, their leaders

Parliament of 165. In 1949, it won 5 seats with 213,066 votes. The position of the two major coalition parties—the People's Party and the Socialist Party—remained more or less the same revealing a sort of electoral consistency in the Austrian political pattern, Federal Press Service, *Austria: Facts and Figures* (Vienna, 1965), pp. 8-9.

³¹ Oskar Helmer, 'Wohin fñhrt Oesterreichs Weg', *Die Zukunft* (Vienna), Heft 12, December 1955, p. 342. For details see W. B. Bader, *Austria Between East and West 1945-1955* (California, 1966), pp. 132-54. For the communist attempt to capture influence in internal administration through the Federal Police, see Wilhelm Stadler, *Die Kommunisten in der Wiener Pollzel: Die Technik der Kommunistischen Machtergreifung*, Seminararbeit des Institut fuer Zeitgeschichte, Universitaet Wien, SE 350, 1965.

³² W. B. Bader, *A Communist Failure: Occupied Austria 1945-1950* (Thesis, Ph.D., Princeton University, 1964), pp. 138-90 and 265-306. Bader holds that in all attempts the Communist Party of Austria was actively supported by the Soviet occupation authority and its failure was a definite setback to Soviet power in Austria. Other valuable sources are Fritz Klenner, *Putschversuch Oder Nicht?* (Vienna, 1950). W. L. Stearman, *The Soviet Union and the Occupation of Austria: An Analysis of Soviet Policy in Austria 1945-1955* (Vienna, 1961), pp. 118-28. *ALCO* (131) 1285, 29 September 1950. *ALCO* (133) 1300, 27 October 1950. *ALCO* (134) 1306, 10 November 1950.

were firm that in the then emergency it is only the 'limping two party system' that can offer the best solution.³⁶ Thus the internal situation which developed during the fall of 1950 started reflecting itself in the State Treaty negotiations an year earlier when the Soviet Union almost stopped negotiating on the treaty.

THE DEPUTIES CONFERENCE AT LONDON

The deputies reassembled at London as scheduled and immediately adjourned their meeting for a week as the bilateral talks at Vienna were inconclusive.³⁷ Further meetings served more or less as propaganda forums in which each tried to appear good by engaging in good activity.

In an attempt to channelize negotiations, Austrian government issued an invitation to a summit meeting of Stalin, Truman, Attlee and Bidault at Vienna for conferring over their differences. A twentythree point memorandum was also submitted to the occupying powers asking for alleviation of occupation burdens and liberalization of their regime by way of certain concessions. The foremost among these was a demand for the reduction of occupation troops by all. Though the reduction of troops was deemed impossible, the Western Powers agreed to the appointment of civilian High Commissioners in place of the former dual representation through Political Ministers and Military High Commissioners. There was no Soviet reply.³⁸

³⁶ Berger Peter, 'Elections and Parties in Austria', *Journal of Politics* (Gainesville, Florida), vol. XII, pp. 511-29.

³⁷ In the bilateral negotiations, Austria put forth counter claims of 240 million Austrian Schillings for the Civil Occupation Costs as against the 155 million Austrian Schillings demanded by the Soviet Union for 'relief debts'. The Civil Occupation Costs included claims for the use of buildings, grounds and labour supplied by Austria to Soviet forces. *Wiener Zeitung*, 12 January 1950.

³⁸ Text of Austrian Memorandum *Wiener Zeitung*, 12 March 1960. Some of the other significant concessions asked for were abolition of zonal frontiers, military courts and censorship and release of requisitioned Austrian property. Text of the Western announcement, *DOSB*, 29 May 1950, p. 823.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

A survey of the then international situation revealed that the war-time Allied coalition was completely broken and the Allies were unable to agree on peace time cooperation with the result that each partner was busy organizing its power in its own sphere of influence. Under the circumstances it was doubtful if Austria itself was serious about the unilateral reduction of western forces in view of the Soviet installation of troops numbering nearly double the quantity of western troops taken together. Soviet intentions were quite obvious in their charges against Austria and the French High Commissioner General Bithauart made no secret about the Western view when he said :

If we leave Austria, it will create a military vacuum which in one way or another the Russians are sure to fill before long. Our departure would thoroughly compromise our occupation of Germany, both strategically and morally, the Germans would soon regard the evacuation of Austria as a precedent.³⁹

Tension was rising all over the world and a satisfactory solution of any international problem in such an atmosphere was a vain hope. Besides the Korean confrontation, the questions of Trieste was put first in order of priorities. A Soviet note of 20 April 1950 to the Western Powers charged the three governments with violating the Italian Peace Treaty by continued presence of their troops on the free territory. It demanded fulfilment of the agreement regarding Trieste which should have been accomplished when the Peace Treaty with Italy came into force on 15 September 1947.⁴⁰

This had its impact on Austrian State Treaty negotiations when Zarubin accused the Western Allies of helping Austrian government in its efforts at remilitarization. He also charged Austrian government with building up munition depots in the

³⁹ Quoted by Alexander Werth, 'Austria-International Chessboard', *The Nation* (New York), 25 March 1950, pp. 274-76. Also see K. R. S., 'The Situation in Austria; The Peace Treaty and International Politics', *World Today*, vol. VI, pp. 441-51.

⁴⁰ Text of the Soviet note, *DOSB*, 15 May 1950, p. 701.

western zones and an army with motorized regiments under the leadership of erstwhile Nazis in violation of the quadripartite agreements on denazification and demilitarization. His delegation, therefore, deemed it necessary to add a supplement to article 9 of the treaty to the effect 'Austria takes upon itself to suppress on its territory all Fascist type organizations—political, military, paramilitary and others—engaged in unfriendly activity aimed at any of the United Nations or endeavouring to deprive the people of their democratic rights.'⁴¹ Western Powers were against any alteration in already agreed articles.

In the next meeting, specially called by Zarubin, he repeated Soviet demand for demilitarization and denazification and made known Soviet suspicion of possible western intentions of turning post-treaty Austria into an Anglo-American military base as they did in case of Trieste. He, therefore, considered western withdrawal from Trieste as a criterion for signing a state treaty with Austria.⁴²

Western reply to the Soviet note on Trieste refuted Soviet allegation of Western violation of the Treaty of Peace with Italy with respect to Trieste. It blamed the Soviet Union for their inability to implement those provisions. This was encountered by a second Soviet note to the western powers insisting on an immediate implementation of Italian Peace Treaty provisions concerning Trieste. This 'induced asymmetry' created grave doubts about Soviet intentions concerning Austria.⁴³

The episode of meeting and adjourning the same day for a long duration was repeated in further meetings of the deputies with Zarubin declining to discuss anything unless his government

⁴¹ Zarubin's charges, *DOSB*, 15 May 1950, p. 777.

⁴² 'Question of Trieste and the Austrian Treaty', *Current Digest of the Soviet Press*, 24 June 1950, p. 35.

⁴³ Text of Western reply, *DOSB*, 25 June 1950, p. 1054. Text of the Second Soviet note, *Ibid.*, 24 July 1950, p. 131. The concept of 'induced asymmetry' is analysed by Young, n. 7, p. 33.

A survey of the then international situation revealed that the war-time Allied coalition was completely broken and the Allies were unable to agree on peace time cooperation with the result that each partner was busy organizing its power in its own sphere of influence. Under the circumstances it was doubtful if Austria itself was serious about the unilateral reduction of western forces in view of the Soviet installation of troops numbering nearly double the quantity of western troops taken together. Soviet intentions were quite obvious in their charges against Austria and the French High Commissioner General Bithauart made no secret about the Western view when he said :

If we leave Austria, it will create a military vacuum which in one way or another the Russians are sure to fill before long. Our departure would thoroughly compromise our occupation of Germany, both strategically and morally, the Germans would soon regard the evacuation of Austria as a precedent.³⁹

Tension was rising all over the world and a satisfactory solution of any international problem in such an atmosphere was a vain hope. Besides the Korean confrontation, the questions of Trieste was put first in order of priorities. A Soviet note of 20 April 1950 to the Western Powers charged the three governments with violating the Italian Peace Treaty by continued presence of their troops on the free territory. It demanded fulfilment of the agreement regarding Trieste which should have been accomplished when the Peace Treaty with Italy came into force on 15 September 1947.⁴⁰

This had its impact on Austrian State Treaty negotiations when Zarubin accused the Western Allies of helping Austrian government in its efforts at remilitarization. He also charged Austrian government with building up munition depots in the

³⁹ Quoted by Alexander Werth, 'Austria-International Chessboard', *The Nation* (New York), 25 March 1950, pp. 274-76. Also see K. R. S., 'The Situation in Austria: The Peace Treaty and International Politics', *World Today*, vol. VI, pp. 441-51.

⁴⁰ Text of the Soviet note, *DOSB*, 15 May 1950, p. 701.

western zones and an army with motorized regiments under the leadership of erstwhile Nazis in violation of the quadripartite agreements on denazification and demilitarization. His delegation, therefore, deemed it necessary to add a supplement to article 9 of the treaty to the effect 'Austria takes upon itself to suppress on its territory all Fascist type organizations—political, military, paramilitary and others—engaged in unfriendly activity aimed at any of the United Nations or endeavouring to deprive the people of their democratic rights.'⁴¹ Western Powers were against any alteration in already agreed articles.

In the next meeting, specially called by Zarubin, he repeated Soviet demand for demilitarization and denazification and made known Soviet suspicion of possible western intentions of turning post-treaty Austria into an Anglo-American military base as they did in case of Trieste. He, therefore, considered western withdrawal from Trieste as a criterion for signing a state treaty with Austria.⁴²

Western reply to the Soviet note on Trieste refuted Soviet allegation of Western violation of the Treaty of Peace with Italy with respect to Trieste. It blamed the Soviet Union for their inability to implement those provisions. This was encountered by a second Soviet note to the western powers insisting on an immediate implementation of Italian Peace Treaty provisions concerning Trieste. This 'induced asymmetry' created grave doubts about Soviet intentions concerning Austria.⁴³

The episode of meeting and adjourning the same day for a long duration was repeated in further meetings of the deputies with Zarubin declining to discuss anything unless his government

⁴¹ Zarubin's charges, *DOSB*, 15 May 1950, p. 777.

⁴² 'Question of Trieste and the Austrian Treaty', *Current Digest of the Soviet Press*, 24 June 1950, p. 35.

⁴³ Text of Western reply, *DOSB*, 25 June 1950, p. 1054. Text of the Second Soviet note, *Ibid.*, 24 July 1950, p. 131. The concept of 'induced asymmetry' is analysed by Young, n. 7, p. 33.

received an answer to the second Soviet note on Trieste.⁴⁴

Austrian Federal Chancellor, Figl, and Vice-Chancellor Schaerf, vehemently protested against handling Austria as a pawn in the Big Power game in which each used it as an object to reap better advantages elsewhere. They declared that Austria did not want to be a playground for foreign interests nor a field for experiment of different political ideologies whose real worth could be seriously doubted.⁴⁵ Gruber met the four foreign ministers at New York in an attempt to discuss the possibility of an early agreement on Austrian treaty, but Bevin specified that there could be no further concessions by the Western governments, 'because every step we take is encountered by another demand which makes a settlement of the treaty impossible.'⁴⁶ Nonetheless, in response to a Soviet suggestion to meet, the deputies met on 15 December to decide over the adjournment once more, this time till March 1951.

The Soviet reluctance at this stage was understandable to an extent in view of the US-British attitude of 'negotiating from strength,' being expounded by Churchill and Acheson since the beginning of the year 1950. It was based on the notion to make the West strong enough to induce 'the Russians to negotiate sensibly.' It was obvious that the stalemate involved the Big Four priority to the question of prestige rather than peace.⁴⁷ This indicated that Austrian liberation from the liberators did not

⁴⁴ Inability of Soviet negotiators to indulge in continuous negotiations is referred to by Gordon A. Criag, 'Techniques of Negotiations', in Ivo J. Lederer, ed., *Russian Foreign Policy: Essays in Historical Perspectives* (London, 1962), p. 354.

⁴⁵ *Wiener Zeitung*, 28 October 1950 and 5 November 1950.

⁴⁶ UK, House of Commons, *Parliamentary Debates*, series 5, vol. 480, session 1950-51, col. 1386.

⁴⁷ See for reference UK, House of Commons, *Parliamentary Debates*, series 5, vol. 473, session 1949-50, col. 190 ff. *DOSB*, 20 February 1950, p. 270 and *Ibid.*, 20 March 1950, pp. 427-29. For an analysis of the failure of this concept see Coral Bell, *Negotiation from Strength: A Study in the Politics of*

depend merely on their self-chosen neutrality between hostile blocs but needed a substantial change in the world political situation.

This seemed immensely difficult in view of the armaments race among the Big Powers, accentuated by the Soviet Union breaking US monopoly of atomic weapons. The absence of mutual confidence among them led to vigorous pursuit of armaments by all further enhancing mutual distrust and this vicious circle was the root cause of their failure to reach agreement on prevailing problems in any part of the world.⁴⁸

Austria located at the most vulnerable point in Europe, thus, formed at the same time the most valuable strategic outpost for West as also East. It was natural that both the power blocs were reluctant to relinquish their hold over Austria unless they could secure some advantageous position over the adversary. This was all the more important for the west with the establishment of communist government on mainland China tremendously increasing communist orbit in the world. Austrian Federal Chancellor, Renner, appeared quite realistic when he declared that the occupation along with its problems was no longer an Austrian problem, but a European and a world problem. However, a remarkable fact about Austria's internal situation during this period was that the coalition of the People's Party and the Socialists was as firm as ever, if only because Austria's very survival was at stake and pushing out the Socialists might have removed the only barrier to communist infiltration and revolutionary action. Besides this, Austrian political life did exhibit a tremendous degree of democratic stability in dealing with the 'Communist Putsch' of September-October 1950. But the economic situation in the country became precarious during this period. The continued Soviet control of Austrian industries and its markets through the Soviet USIA proved highly detrimental to the sensitive economy of Austria.

Power (London, 1962). The writer holds that the concept of 'negotiation from strength' produces neither negotiation nor strength.

⁴⁸ See in this connection Morton Deutsch, 'Trust and Suspicion', *Journal of Conflict Resolution*, vol. 11, pp. 265-79.

A large number of unsettled Austrian claims against its eastern neighbours further endangered its economic stability. This inspired the Viennese remark: 'We have been annexed to the Balkans.'⁴⁹ To relieve Austria of this annexation, a corporate effort of the Big Powers was necessary as was previously undertaken to annul its annexation by Germany.

Despite near agreement on the Austrian Treaty in the beginning of this phase, the Soviets successfully exploited the technique of emphasizing 'natural asymmetries' and creating 'induced' ones in causing a divergence within the bargaining framework of the negotiations. Contacts were, however, maintained throughout, though no agreement was reached and the meetings were misused just to blame one another for the stalemate. No doubt this activity was merely propagandist, aiming at projecting the image of the Four Powers in their role as peace-makers. Earlier, however, patient day-to-day plodding brought near consensus on the treaty through sheer attrition. Although, an exhausting technique, it revealed that achievements were possible even if swift and spectacular results might seem unobtainable. The delaying tactics at a later stage of this phase should be viewed in the fundamentally altered 'atomic setting' making all the negotiating sides more cautious in their approach.⁵⁰ Perhaps the Big Four intended to wait and watch the extent of actual deployment of military power in international relations before finalizing a decision to alter the status quo at any point of conflict.

The distinctive trend of Austria's own creative role was directly related to the development of rational criteria of Austrian

⁴⁹ K. R. S., 'Austria: A Year of Discontent', *World Today*, vol. VII, pp. 507-17. K. R. S., 'The Situation in Austria: The Peace Treaty and International Politics', *Ibid.*, vol. VI, pp. 448-51.

⁵⁰ For an analysis of the bearing of 'international setting' on the perceptions of the decision makers see Young, n. 7, pp. 42-58. Atomic setting influencing world politics is discussed by Edward A. Shils, *Atomic Bomb in World Politics* (London, 1951). P. M. S. Blackett, *Atomic Weapons and East-West Relations* (Cambridge, 1956). Thomas C. Schelling, *Arms and Influence* (London, 1966).

Independence. Where Soviet demands were in fact an arbitrary challenge to Austrian territorial integrity or were euphemistic expressions for recognizing Soviet economic control, Austrians were determined to hold to their position. Where, however, Soviet delegate's recommendations involved proposals to avoid commitments leading to permanent identification with the three Western powers, favourable response of Austrians prompted fruitful negotiations.

Reverse effects of the Big Power conflicts elsewhere, on Austrian negotiations could have been hardly avoided. In fact their confrontation at other situations of conflict made political and security perspectives of Austrian treaty untenable. A *modus vivendi*, therefore, could not be achieved even with the most extended effort at this stage.

CHAPTER FIVE

NEGOTIATIONS THROUGH MEMORANDA

THE SHORT TREATY EPISODE

The failure of the Deputy Foreign Ministers to resolve the stalemate on Austrian treaty and other international issues of conflict led to a decision to resume further efforts at a higher level. While an agenda for a Foreign Ministers' Conference was being prepared, a Soviet note to the United States and Britain clarified that in 'Austria the crux...lay in the Anglo-Saxon attempt to turn Austria, together with Trieste, into an aggressive base.' It also made the United States and Britain responsible for the war in Korea and the overall tension in the world.¹ Initially Soviet Union excluded Austrian Treaty from the agenda but was prepared to include it provided the Trieste clauses of the Treaty of Peace with Italy were also discussed along with it. The Western representatives declined any such tie-in.² Efforts for an agreed agenda continued further but in vain. Meanwhile, President Truman asked the United States Congress to sanction 8.5 billion dollars for the safety of other free nations through 'Mutual Security Program' and to help them build military and economic power needed to counteract communist dreams of world conquest.

¹ Text of Soviet note in *Soviet News* (USSR Embassy, London), 26 February 1951.

² The omission of the Austrian Treaty was characterised as a drafting error by the Soviet deputy, S. T. Bindoff, 'Four Deputies in search of an Agenda', *World Affairs* (Washington), vol. 114, p. 266.

The signing of the Treaty of Peace with Japan on 8 September 1951 without Soviet agreement further created grave doubts as to further Soviet cooperation in solving other international problems including Austria. Soviet attitude was clear by its continued accusation of reestablishing war industry in western zone of Austria, thereby serving western rearmament.³ Personal contacts and appeals by Austrian statesmen to the occupying powers for general termination of the presence of military forces in Austria yielded no results, though they tried to stress that Austria could prove to be a starting point for the relaxation of tension in the world.⁴ Throughout the year 1951, even the deputy foreign ministers did not meet and Austrian State Treaty was relegated to a backyard.

Austrian foreign minister, Gruber, therefore, emphasized that if Big Powers were unable to solve the problem by themselves, the other arena would be the framework of the United Nations. After prolonged consultations about the further steps to be taken for bringing Moscow to the conference table, the three Western governments, presented a new Austrian treaty draft to the Foreign

³ T. E. Kyriak, (compiler), *The Allied Commission for Austria* (Official minutes of the Allied Council for Austria and its Executive Committee), (microfilm, Maryland, 1958) (hereafter referred to as *ALCO* for Allied Council minutes and *EXCO* for Executive Committee minutes). *ALCO*, (155) 1452, 28 September 1951. *ALCO*, (156) 1460, 12 October 1951.

Soviet obsession with Austria's strategic position played an important role in Soviet charges of Austrian remilitarization. As early as 1948, the Soviet Union asked specific assurances from the Austrian Chancellor to the effect that (1) Austria does not intend to substitute for a State Treaty, a separate treaty with individual powers, (2) that the Government upon the conclusion of the State Treaty will insist on the evacuation of all forces and will not make any secret agreements under which the occupying Powers could leave their troops in Austria, (3) that Austria, after the treaty is concluded, will not assume any military obligations, permit the establishment of bases or incorporate Austria in the Atlantic Pact.

⁴ Text of Austrian note to the Occupying Powers, *DOSB*, 12 November 1951, pp. 768-69. Also see P. E. Mosley, 'The Treaty with Austria', *International Organisation* (Boston), vol. IV, pp. 225 and 233.

Ministry of the Soviet Union. This was a Short Treaty of eight Articles. The accompanying note charged the Soviet Union with studiously evading 'its obligations towards Austria undertaken in the Moscow Declaration' and stated that this evasion contributed materially to the maintenance of dangerous tensions which unhappily exist in international relations.⁵ It also enquired whether the Soviet Government was prepared to instruct its deputy to renew negotiations on the new draft.

Gruber characterized the Short Treaty as 'Quittungsprotokoll' or 'Räumungsprotokoll', i.e., a Protocol for the evacuation of the occupation forces from Austrian territory. Vice-Chancellor Schaerf, clarified that Austria was incapable of any military or economic contribution to Europe and the only alternative before it was to maintain a moral stand without inclining either to the West or to the East. Federal Chancellor, Figl, emphasized the need of making best use of the new efforts and drew attention to the possibility of Soviet refusal. Complete silence on the part of Moscow in this connection led him to stress the alternate channel of the United Nations as suggested earlier. He undertook a tour of the three Western Capitals to explore that possibility. Simultaneously, he also contacted the UN Secretary General in this connection. In response, Acheson, Eden, Schumann and Trigve Lie visited Vienna, assuring Austrian people, of their deep concern for the restoration of Austrian sovereignty.⁶

These assurances were significant from psychological point of view in keeping up Austrian morale particularly considering the fact that for nearly three years the occupying powers practically stopped negotiating over Austria despite agreement reached on almost all the important questions relating to Austrian political, economic and social life. The Austrian question was thus kept alive.

⁵ Text of the note and the new treaty draft dated 13 March 1952 termed as the 'Abbreviated Treaty' or the 'Evacuation Protocol', *DOSB*, 17 March 1952, pp. 448-50.

⁶ Later Figl also visited Benelux countries to muster their support for the Austrian cause.

on the international scene. Under the prevailing circumstances it would have otherwise receded to the backyards of international politics, where it could have been allowed to rest without much loss to any of the Occupying Powers. The Western Powers were thus, kept alert and even the Soviet Union was not permitted to sleep over the issue.

The lull was disturbed by a Western reminder to Moscow about the proposed Abbreviated Treaty. After one more reminder the Soviet Union rejected it on the ground that it did not 'guarantee the democratic rights and freedom of Austrian people.' The note further expressed Soviet objections to some specific omissions in the Short Treaty. Significant among these were 'provisions for the elimination of National Socialist Party and its affiliates and organs on the territory of Austria' and the 'right of Austria to have its own national armed forces necessary for the defence of the country.' The Trieste tie-in was again revived and the note stated that there cannot be any guarantee that the peace treaty with Austria will not meet the same sort of fate.⁷ In the Allied Council meeting, the Soviet High Commissioner, Sviridov, violently attacked the Austrian Government for its anti-democratic constitution working on the basis of hundreds of reactionary laws of the Hitler regime. Thus, lack of democratization was made still another roadblock for obstructing the treaty.

A new Western note to Moscow stated that the Abbreviated Treaty being a simple draft for the termination of occupation in Austria, did not need detailed provisions concerning Soviet points of objections. It specified that democratic rights and freedom of Austrian population were guaranteed by the Austrian Constitution and by Austrian legislation in force. Regarding the omission of the Austrian right to have its own armed forces, the note stated that it was inherent in the acceptance of Austrian independence

⁷ Western Reminders to Moscow, *DOSB*, 19 May 1952, p. 778 and 25 August 1952, p. 284. Text of the Soviet note, *Ibid.*, 1 September 1952, pp. 322-23.

and sovereignty. Nonetheless, in order to meet Soviet objections the Western powers were prepared to incorporate in the Short Treaty guarantees regarding these already approved of in the long draft. Accordingly, they suggested that four more Articles viz., 7, 8, 9 and 17 from the long treaty be added to the Short Treaty. The note further invited a Soviet representative to a meeting at London for considering this. Moscow expressed its inability to participate in any conference on Austria till the Abbreviated Treaty was withdrawn and obligations of the Italian Peace Treaty concerning Trieste were fulfilled. The Soviet note further referred to the question of demilitarization and denazification and expressed resentment about the omission of the economic clauses agreed upon in the earlier draft.⁸

The Western powers, however, expressed their determination to go ahead and fulfil their pledge to Austria made in 1943. Soviet response was equally enthusiastic as expressed by Georgi Malenkov, Zhdanov's successor as Stalin's closest associate, who said, 'peaceful co-existence between capitalism and cooperation were quite possible.'⁹ Though an indication of a shift in Soviet foreign policy, its immediate translation into practice was doubtful.

AUSTRIAN GOVERNMENT TURNS TO THE UNITED NATIONS

Austrian Government meanwhile proceeded with its plan to bring its case before the United Nations by submitting a well documented memorandum to all the member states of the United Nations. Explaining Austrian case, the memorandum informed the intention of Austrian government to seek UN 'mediation to induce the four occupying powers to evacuate Austria at last and to restore the freedom that is her due.'¹⁰ Simultaneously Gruber

⁸ Text of the Western note *DOSB*, 15 September 1952, pp. 404-5. Soviet message, *Ibid.*, 13 October 1952, p. 570.

⁹ *DOSB*, 20 October 1952, p. 598. Malenkov's address at the XIX Congress of the Communist Party of Soviet Union, 5 October 1952, *Tass*, 6 October 1952.

¹⁰ Text of the Memorandum UN Doc, no. 2166, Add. I.

visited some Latin American States in an attempt to seek their help in bringing the question before the United Nations. Brazil and Mexico agreed to initiate the question in the General Assembly.

Accordingly, in the Plenary Meeting of the General Assembly on 11 November 1952, the Foreign Minister of Brazil, Fontura, called attention to the fact that while the peace treaties with ex-enemy states were signed 'the restoration of full sovereignty to Austria which had been the first victim of Nazi slavery was being deferred and hindered in flagrant contempt of the Charter' and asked the United Nations to appeal to the signatories of Moscow Declaration of 1943 to accelerate the action of fulfilling their promise by way of concluding the State Treaty.¹¹ Gruber reached New York to personally request heads of delegations of the member states to extend their unqualified support to the initiative of Brazil.

On 17 December 1952 the first committee of the General Assembly took up Austrian question despite earlier Soviet protests against discussing it in the United Nations. The Soviet representative, Gromyko, blamed the three Western powers for the stalemate in the treaty negotiations and clarified that his delegation would neither participate in a consideration of that question nor recognize the validity of any resolution which might emerge from this. Quintanilla, the Mexican delegate, however, went ahead with his resolution to invite Gruber, to participate in the debate without the right to vote. This invoked further Soviet protests.¹²

De Souza Gomes, the delegate from Brazil, specified that the four power resolution concerning Austria was sponsored by Brazil, Mexico, Lebanon and Netherlands because the United Nations could not remain indifferent to the subjection and partition of

¹¹ *Official Records of the General Assembly of the United Nations* (hereafter referred to as *GAOR*) Session 7, Plen. mtg. 324, 11 November 1952, p. 220.

¹² *GAOR*, session 7, Cttee I, mtg. 553, 17 December 1952, pp. 321-23. Also see mtg. 79, 15 October 1952, pp. 3-4.

Austria. He clarified that the sponsors had no intention of either accusing anyone or intervening in the matter of Big Four responsibility. He, however, justified deep concern of the medium and small powers for the deadlock in negotiations since 1947 and stated that the objective of the sponsors was to have the General Assembly address a solemn appeal to the four powers to make a renewed and urgent effort to reach agreement on the terms of an Austrian treaty with a view to 'an early termination of the occupation of Austria and the full exercise by Austria of the power inherent in its sovereignty.' Poland, Czechoslovakia and the Bylorussian Soviet Socialist Republic thought the consideration of the question by the United Nations as a violation of Article 107 of the Charter and declared it illegal.¹³

Gruber characterized the history of negotiations for Austrian treaty as 'a typical example of the tactics of procrastination despite efforts of the Austrian Government to facilitate and expedite those negotiations.' He also warned against the risks inherent in the presence of foreign armed occupation troops in the midst of an increasingly angered population, and appealed for prompt conclusion of a treaty. Gorostiza, the Mexican delegate, stated that the four power draft resolution on Austria could be regarded as an appeal on behalf of Austria in the name of all the peoples of the world. After a long debate in which the United States, the United Kingdom and France also participated and extended their support to the four power draft resolution, it was adopted by 48 votes to none with two abstentions.¹⁴ The mediatory and conciliatory action of some of the member states of the UN was in

¹³ For Soviet objections see *Ibid.*, session 7, Cttee 1, mtg. 553, 17 December 1952, pp. 324-25. Text of the resolution, *Ibid.*, Supplement no. 20, Resolution 613(VII), pp. 5-6.

¹⁴ For detailed record, *Ibid.*, session 7, Cttee. 1, mtg. 553, 17 December 1952, pp. 325-27, mtgs. 554, 555 and 556, pp. 337-45. The abstentions were Pakistan and Afghanistan which considered that the United Nations was not empowered to discuss the question though they supported the cause of Austrian independence.

the nature of persuasion. It aimed at getting negotiations started which was an essential step for a constructive and fruitful solution.¹⁵

The United Nations resolution was a great success for Austria. The sympathy and support of an overwhelming majority of member states of the United Nations signified that Austria could count on world public opinion in its future efforts to bring the occupying powers to a conference table. Despite its non-participation in the UN debates, the situation was unpleasant for the Soviet Union. Nonetheless, Gruber clarified Austrian intentions of neither signing a separate treaty with the Western powers nor joining the European Defence System after the restoration of its sovereignty.

CORRESPONDENCE DIPLOMACY :

THE WESTERN AND THE AUSTRO-INDIAN PARLEYS

On the basis of the UN resolution the Western powers sent a note to the Soviet Union on 12 January 1953 proposing a meeting of the Austrian Treaty Deputies to be held at an early date for the purpose of concluding Austrian treaty. The place suggested was London. Soviet note, however, pronounced the illegality of the very act of raising the question in that forum and criticized the Short Treaty as a perspective of 'a fascist regime in Austria' and a plan to use the country for 'the aggressive plans of the NATO.'

¹⁵ For a theoretical analysis concerning such activity see O. R. Young, *Intermediaries: Third Parties in International Crises* (Princeton, 1967), p. 60. Austria, however, did not call upon the UN member states for assuming any direct role, and hence, their action cannot be strictly termed as that of an intermediary in the sense in which Young discusses the role of the UN in crises. Also see M. Barkun, 'Conflict Resolution through Implicit Mediation', *Journal of Conflict Resolution* (Michigan), vol. VIII, pp. 121-30 and Jerome E. Podell and William M. Knapp, 'The Effect of Mediation on the Perceived Firmness of the Opponent', *Ibid.*, vol. XIII, pp. 511-20. The authors also point out that concessions are easily made by the parties in response to a mediatory action rather than directly.

The note criticized Austrian Government also for its memorandum of 31 July 1952 expressing its willingness to accept the Short Treaty and conveyed that the Soviet Union would agree to resume negotiations only on an immediate and categorical renunciation of the Short Treaty by the Western powers and by Austria.¹⁶

Western powers, resenting the imposition of prior conditions for resuming the talks repeated their invitation for a Deputies Conference on 30 January but declared their preparedness to postpone it till 6 February if the Soviet Union preferred that. A positive Soviet response enabled the deputies to meet on 6 February 1953 after a gap of more than two years. After discussing the possibility of withdrawing the Short Treaty the deputies adjourned for three days and when they met again the Western powers refused to withdraw the Short Treaty as a precondition for any further talks as insisted upon by the Soviet Union.¹⁷

Death of Stalin on 5 March 1953 led to many speculations regarding a possible change in Soviet attitude in the international field leading perhaps to a general solution of Austrian and German problem on the basis of neutralization and also to a general international agreement on the principle of spheres of influence.

Anthony Nutting, the British Under Secretary of State for Foreign Affairs, however, felt that there was no sign of change in Soviet policy in relation to Austria, as it was obvious from the persistent Soviet obstructions in the Allied Council. President Eisenhower, however, asserted that the United States cared for

sincerity of peaceful purposes attested by deeds. The opportunities of such deeds are many.... Even a few such clear and specific acts, such as the Soviet Union's signatures

¹⁶ Text of the Western note, DOSB, 26 January 1952, p. 133. Text of the Soviet note dated 27 January 1953, *Ibid.*, 16 February 1953, pp. 260-1.

¹⁷ *Wiener Zeitung*, 7 and 10 February 1953. The deputies held their last meeting, the 258th at London on 15 December 1950. At the 259th meeting held on 6 February 1953 the representatives were Gromyko for USSR, Harrison for the UK, Dowling for the USA, and Cronychanel for France.

upon an Austrian treaty or its release of thousands of prisoners still held from World War II, would be impressive signs of sincere intent.¹⁸

Prime Minister Churchill also referred to the change of attitude in the Kremlin resulting in a series of amicable gestures on the part of the new government. On the basis of these, he thought, it would be

a mistake to assume that nothing can be settled with Soviet Russia unless or until everything is settled...A settlement of two or three of our difficulties would be an important gain to every peace loving country. For instance, peace in Korea, the conclusion of an Austrian Treaty...which might in itself open new prospects to the security and prosperity of all nations and every continent.¹⁹

He, therefore, suggested piecemeal solutions of individual problems through a conference on the highest level. Earlier, in the NATO Council meeting at Paris, the French Foreign Minister, Bidault, also laid down three preconditions for peaceful coexistence in the world—arms control, re-establishment of an independent and united Germany and signing of the Austrian State Treaty.

In this context invitations for a meeting were issued by the general secretary of the deputy foreign ministers for Austrian treaty, but Jacob Malik, the Soviet ambassador at London, reported that the Soviet deputy was unable to participate in the meeting. The Soviet thesis this time was that the four power body of the Deputy Foreign Ministers for an Austrian treaty could be summoned only by the Council of Foreign Ministers. He also stated that there were no hopes of positive results and proposed consideration of the question 'through diplomatic channels by means of an appropriate exchange of opinions.'²⁰

It appeared strange that a body with a record of 260 meetings

¹⁸ DOSB, 27 April 1953, p. 601.

¹⁹ UK, House of Commons, *Parliamentary Debates*, series 5, vol. 515, session 1952-53, cols. 884-97.

²⁰ Text of Malik's letter, DOSB, 8 June 1953, p. 815.

over a period of seven years, in all of which the Soviet Union participated, should suddenly be deemed incompetent. Moreover, it was not clear what the Soviet Union meant by 'diplomatic channels.' It was, therefore, presumed in Western circles that this was just a stalling move by the Soviet Union, preserving the Austrian card to play it off later for a favourable compromise on Germany. The three Western deputies, therefore, declared that they were prepared to accept any treaty 'which would ensure Austria's political and economic independence.'²¹

Internally, Austria was going through a serious crises. The frail economic condition gave rise to tensions resulting in political conflict. A cut in the US aid and the drop in world prices leading to unemployment in the state resulted in a quarrel on budget proposals. The People's Party stood for 'sound money' policy and the Socialist Party favoured 'full employment.' The result was premature dissolution of the Parliament. Fresh elections were held on 22 February 1953, and despite the presence of many splinter groups, the result was 'a clear mandate for the coalition to continue along the path of compromise and collaboration.' All attempts of the People's Party to keep the Socialists out of Government by trying to align itself with the newly emerged WUD (Wahlpartei der Unabhangigen)—the League of Independents, failed. Nearly six weeks after the elections the Socialist Conservative Coalition Government was formed again and the situation stabilized. There was no improvement in the position of the Communist Party of Austria which received about 4 per cent of the total votes and only 4 seats in the Parliament.²²

Relieved of its internal crisis Austria took a curious diplomatic step unknown to others for a considerable period of time. Gruber sought a meeting with the then Indian Prime Minister,

²¹ Western reply. *Ibid.*

²² K. R. S., 'Austria After the Election', *World Today*, vol. IX, pp. 303-12. Walter Goldinger, *Geschichte der Republik Oesterreich* (Vienna, 1962), pp. 284-88. Federal Press Service, *Austria Facts and Figures* (Vienna, 1965), p. 8.

Nehru, who was attending the Commonwealth Prime Ministers' Conference at London. Explaining Austrian situation in detail he requested Nehru to use his good offices to bring the Soviet Union to the conference table to negotiate the Austrian treaty. The then Indian ambassador at Moscow, K. P. S. Menon, was also present at the meeting. Menon actually brought the issue before Molotov when he reached Moscow. Molotov explained to him that if Austria undertook neither to join military pacts nor to permit foreign military bases on its territory the solution of the problem might not pose any difficulty. This was the line accepted and followed by Austria in its future course of action. Austrian statesmen attached great importance to the good offices of Indian Republic because of Indo-Soviet cordial relations that existed during the period and the vigorous advocacy of the policy of non-alignment by Nehru which caught the imagination of several people at that time. This was another attempt at getting the negotiations started.²³ Its significance lay in the signalling process. It was for the first time that the Soviet Union specifically indicated that the path of conflict resolution lay in neutralization of Austria.

SOVIET CONCESSIONS TO AUSTRIA AND CONTINUATION OF CORRESPONDENCE

A remarkable change was, however, witnessed in internal administration of Austria as the Soviet Union started making widespread concessions. It lifted its boundary checkpoints, returned the grounds used by Soviet occupation troops and later full-fledged political relationship at ambassadorial level was established with Austria bringing the Soviet position in line with that

²³ Ludwig Jedlicka, 'Die Neutralität Österreichs und der Staatsvertrag', *Oesterreichische Militärische Zeitschrift* (Vienna), Heft 3, 1965, pp. 149-51. This was also confirmed by the then Indian Ambassador at Moscow, K. P. S. Menon in a personal interview. Mediation, Conciliation and good offices as significant activities in bringing the parties to a dispute at a common table are being dealt with by Arthur Lall, *Modern International Negotiations, Principles and Practice* (New York, 1966), pp. 84-100.

of the Western Allies. These concessions were, however, no substitute for a State Treaty and were counteracted by simultaneous Soviet moves in the Allied Council for Austria when the Soviets refused to lift civil aviation restrictions in the country. Austrian Government was also attacked for its participation in the meetings of European Coal and Steel Community at Luxemburg, on charges of helping to strengthen the Atlantic bloc. Lack of democratization and remilitarization of Austria were also reiterated once more.²⁴

Although Soviet policy towards Austria appeared less rigid, it was unrealistic to think that Soviet diplomacy would throw away the Austrian card without creating an advantageous climate for a Four Power settlement on Germany. A conference on Germany was, therefore, proposed by the Western powers and it was suggested that in its first meeting the four foreign ministers should reach final agreement on the Austrian Treaty.²⁵

The Soviet Union proposed extending the scope of conference to examining measures for lessening tension in international relations in general and suggested that China should also be invited to participate. It was also specified that restoration of German unity might possibly lead to a settlement on Austria. In its note to Austrian government Soviet Union renounced its claim to occupation costs from 1 August 1953 and a further note on treaty matters enquired whether Austrian government still supported the Short Treaty.²⁶ Meanwhile concessions continued

²⁴ *ALCO* (191) 1715, 27 March 1953. *ALCO* (192) 1723, 10 April 1953. *ALCO* (194) 1734, 15 May 1953.

²⁵ Text of Western notes *DOSB*, 22 June 1953, pp. 873-74 and 27 July 1953, p. 107.

²⁶ Texts of Soviet notes, *Soviet News*, 6 August 1953, pp. 5-6 and 8 August 1953, pp. 352-53. Taken aback by these Soviet gestures, Britain hastened to declare that they would renounce occupation costs as of 1 January 1954, followed by a similar announcement by France. The United States renounced these claims long back. *Austrian Information*, vol. VI, no. 16, 1953, p. 3.

to pour in the internal administration of Austria as the Soviet Union abolished censorship in its zone followed by the quadripartite decision to abolish all censorship throughout Austria. The Soviet Union also agreed to the abolition of all control over Austrian communications which was quite surprising in view of the continued Soviet opposition to any such step till then. Finally, the Soviet Union made a formal announcement of the end of Soviet censorship of RAVAG broadcasts, theatre performances and concerts, which in fact ceased to operate several weeks before the formal announcement to the effect. Minister Helmer, however, was quick to warn that this sort of 'Soviet peace offensive against Austria was only a great illusion and nothing remains of it but disillusionment, so long as the dichotomic policy of "old abuses" and "new concessions" continued.'²⁷

Nonetheless, the Soviet peace offensive did make the Western Allies and Austrian statesmen a bit nervous as it was interpreted as an attempt by Moscow to entice Austria away from the Western camp. Earlier Soviet notes though conciliatory, warned Austrians not to dream of a rebirth of the 'Austria Mediatrix' of the Turkish era to serve as a liaison between the European Defence Community and the Balkans and specifically asked it to assume a neutral position between East and West. Chancellor Raab immediately accepted the Soviet concept of a neutral Austria in clear recognition of the fact that turning 'a cold shoulder to Moscow would not serve her primary aim of a State Treaty.'²⁸

A prior condition, however, was to see both Soviet Union and the West finally get away from 'diplomacy by correspondence' and return to 'diplomacy by conference'. Federal Chancellor Raab and Foreign Minister Gruber, therefore, met the ambassadors of the four Occupying Powers in Vienna to explore the possibility

²⁷ *Arbeiter Zeitung* (Vienna), 13 October 1953. For Soviet concessions see *Gazette of the Allied Commission for Austria* (Vienna), no. 93, August 1953, pp. 11-12. *ALCO* (200) 1769, 14 August 1953.

²⁸ J. Alvarez Vayo, 'Vienna Waltz', *The Nation*, 12 September 1953, p. 207.

of resuming State Treaty negotiations. At the same time Minister Helmer, made it very specific that Austria had no objections to the withdrawal of the Short Treaty but it was interested in a treaty that would reestablish Austrian sovereignty in political as well as economic spheres. A note to the effect was sent to the Soviet Union along with a categorical protest against connecting the Austrian question with other international problems. Simultaneously, all the Occupying Powers were assured that none of them would lose prestige if they helped the hard pressed people of Austria to regain their right to be sovereign.²⁹

Malenkov's address to the Supreme Soviet on 8 August 1953 created some hopes as he stressed the responsibility of the Great Powers to bring about a relaxation of international tension by means of negotiated settlement of disputes and declared Soviet preparedness in taking every essential step in this direction. Simultaneously, he emphasized the necessity of German settlement, which he said, would assist the settlement of the Austrian question too. A following Soviet note referred to German settlement but totally skipped over the question of an Austrian Treaty.³⁰

With this note, the situation seemed to have become complicated for Austria. The three Western Powers, therefore, specifi-

²⁹ Text of the Austrian Memorandum dated 4 August 1953, *Wiener Zeitung*, 5 August 1953. In this connection Chancellor Raab gave much importance to his talks with the Finnish Prime Minister, Kokkonen. He revealed that Kokkonen's information about positive attitude of the Soviet Union towards Finland inspired his resolve that Austria could also accept Soviet material demands in order to acquire the independence of the land. Raab disclosed this in the Parliament on 14 May 1960. *Oesterreichische Staatsdruckerei, Fuenf Jahre Staatsvertrag Fuenfzehn Jahre Zweite Republik* (Wien, 1960), p. 8. Earlier in 1959, Chancellor Raab also revealed about his meetings with Iljitshev, the Soviet High Commissioner in Austria during the period preceding Berlin Conference of 1954 and even after it. In these meetings it was stressed that neutral politics for Austria would be a decisive basis for a satisfactory solution of the Austrian problem. *Oesterreichische Neue Zeitung* (Wien), 6 December 1959.

³⁰ *Soviet News*, 15 August 1953, Supplement 16. Text of the Soviet note, *Ibid.*, 19 August 1953, pp. 1-3.

cally proposed that the Treaty Deputies be convened at London on 31 August 1953 in order to discharge their obligation towards Austria. They also stated their clear undertaking 'not to introduce for consideration the Abbreviated Treaty on the understanding that there will be no extraneous issues raised' and that political and economic independence of Austria was ensured by the treaty.²¹ In response, however, the Soviet Union again sent a note declaring Western proposal unsatisfactory and repeating the contents of its previous notes about a categorical withdrawal of any other body except the Council of Foreign Ministers to call a meeting of the deputies, and unavoidable connection of German and Austrian problems. A Soviet note to Austria demanded a clear explanation about Austrian Government's stand on the Abbreviated Treaty.²² Western powers, however, emphasizing the need of direct discussion renewed their invitation to the Soviet Government to participate in a meeting of the four Foreign Ministers which could take place on 15 October at Lugano (Switzerland). The Soviet Union again suggested a conference of five—the United States, the Soviet Union, Britain, France and the People's Republic of China to consider measures to lessen international tension, and a conference of four excluding China but with the representatives from both parts of Germany to discuss the German problem.²³ It was difficult to decide whether these parleys were influenced by the goals of power politics or by the motives of propaganda, but the net effect was postponement of discussion on the State Treaty.

Although apparently the 'Memoranda Diplomacy' in which the Occupying Powers indulged during the preceding years seemed to be nearing its end, there was no guarantee that Austrian problem would be discussed as the Soviet Union avoided a reference

²¹ *DOSB*, 31 August 1953, p. 282.

²² *Soviet News*, 29 August 1953, p. 2 and 2 September 1953, p. 3. L. Mednikov, 'Die echten und die falschen Freunde Oesterreichs', *Neue Zeit* (Moscow), no. 8, 1953, pp. 7-10.

²³ Text of the Western note, *DOSB*, 14 September 1953, pp. 351-52. Soviet note, *Ibid.*, 26 October 1953, pp. 548-50.

to the Austrian question. Federal Chancellor, Raab, therefore, assured the Big Powers that an independent Austria would not be a pawn or springboard for any power on the demarcation line but would maintain proper contacts with all. He expressed his awareness of the price Austria would be required to pay for the treaty. The only difficulty he specified, was to take the first step and it was up to the Big Powers alone to proceed with it.³⁴

In response to the Soviet demand for the clarification of its stand, Austrian Government informed the Soviet Union that though the Short Treaty brought some advantages to Austria in so far as it did not impose any economic burdens on the state, the Government was ready to withdraw its support to it. It was also specified that Austria would agree only to a treaty acceptable to all.³⁵ Still there was no reference to Austrian question in the Soviet note that followed. The Austrian Government, therefore, took another diplomatic step which indicated a slight revision of its approach in so far as it replaced the order of priorities by adopting a policy of limited objectives for immediate gains. A discussion on the Austrian problem being a doubtful premise, an attempt was made to persuade the Occupation Authorities to reduce the burden of occupation by way of reduction of troops and the transfer of private buildings used by these troops to the charge of Austrian Government. The first step was taken with France when Federal Chancellor, Raab, and Foreign Minister, Gruber, travelled over to Paris to put up their request before the French Government. The French Government promised to withdraw all forces from the French zone except a 'symbolic occupation army' of 40 gendarms. Britain also informed the Austrian Government of its intentions to reduce its troops in Austria from three battalions to one as of 1 January 1954, the day from which it agreed to bear its occupation costs as well.³⁶

³⁴ *Wiener Zeitung*, 24 October and 1 November 1953.

³⁵ Text of Austrian note to the Soviet Union dated 23 September 1953, *Ibid.*, 24 September 1953.

³⁶ *Austrian Information*, vol. VI, no. 16, September 1953, p. 3. Towards

On 8 October 1953 the United States and Britain announced their decision to terminate the Allied Military Government in zone 'A' of the Free Territory of Trieste, 'to withdraw their troops, and ...to relinquish the administration of that zone to the Italian Government.'³⁷ It was a hopeful sign for Austrian treaty as the Soviet Union was making a Trieste settlement conditional to the Austrian treaty.

Following this the Western Powers emphasized the necessity of German and Austrian settlements for a lasting relaxation of international tension and for the future of those countries. They also pointed out the failure of normal diplomatic channels in case of Austria and renewed their invitation to a foreign ministers conference at Lugano to be held in November 1953.³⁸

FURTHER CORRESPONDENCE TILL THE END OF THE YEAR 1953

The hopes of the end of an era of Memoranda Diplomacy were soon eluded as the Soviet Union again sent a long memorandum criticising at the outset separate collusion of the three Western Powers preliminary to a conference of the four Foreign Ministers. It stressed that the most important questions were those of disarmament and of Korean and German settlements. As regards the Austrian treaty, the memorandum demanded a reply to an earlier Soviet note on Austria and emphasized that the proposed 'normal diplomatic channels' were not explored at all.³⁹

President Eisenhower considered the Soviet note as manifesting no intention to get together. The French cabinet considered the

the end of October 1953 Britain and France started withdrawing their troops. These withdrawals left the total strength of Western troops in Austria to a little more than 15,000 in contrast to the Soviet troops to the strength of 50,000, *New York Times*, 17 October 1953.

³⁷ *DOSB*, 19 October 1953, p. 529, H.M.S.O., *Command Paper* 9288, pp. 1-6.

³⁸ Text of the note *DOSB*, 26 October 1953, pp. 547-48.

³⁹ *DOSB*, 30 November 1953, pp. 745-48. The reference to Western collusion was to the periodic consultations of the three Western Foreign Ministers on issues of international tension.

Soviet conditions unreasonable and described the note as a specimen of 'pure Molotov style'. Eden also expressed his doubt about holding the proposed conference at Lugano. At the same time he made it clear that they were prepared to discuss Germany and Austria with the Soviet Government, at any time and at any place, and without any prior condition at all.⁴⁰ As regards Austrian state treaty the Soviet Union was offered three possibilities. These were : First, to convene a foreign ministers' conference ; second, to direct the deputies to resume their work ; and third, to submit proposals through the normal diplomatic channels, whichever was conveniently acceptable to Soviet Government. Surprisingly enough the Soviet response this time was immediate and positive. It accepted a foreign ministers' conference but informed that the Soviet Union would raise at such a conference the question of convening a five power conference for the purpose of easing international tensions as suggested earlier. It also proposed that convenient venue for the conference would be Berlin. The western governments agreed but stated that the conference should be mainly directed to discuss the German problem and the conclusion of Austrian State Treaty. The date suggested was 4 January 1954, and it was also accepted.⁴¹

The period following the Paris Council of Foreign Ministers in 1949, till the end of 1953 was marked with internal cleavages within the Western powers themselves. Differences were recorded among Britain, the United States and France, particularly with regard to problems of security in Europe and their dealings with the communist world. The Western position was, however, consolidated as they resorted to periodic consultations to discuss international problems, and with the signing of Paris and Bonn

⁴⁰ White House Press release dated 4 November 1953, *Ibid.*, 16 November 1953, p. 670. *Wiener Zeitung*, 5 November 1953. UK, House of Commons, *Parliamentary Debates*, series 5, vol. 520, session 1953-54, cols. 317-18.

⁴¹ Texts of Western notes, *DOSB*, 30 November 1953, p. 745 ; 7 December 1953, pp. 785-86 ; 11 January 1954, p. 43. Texts of Soviet notes, *Soviet News*, 2 December 1953 and 1 January 1954.

agreements finalizing the plans of defence and security of Western Europe and the consolidation of the Western zones of Germany.⁴²

The Soviet position during the period was shaken by Yugoslav defection and by an inferior Soviet power position in comparison to the United States. The testing of hydrogen bomb by the Soviet Union removed to an extent its fear of the United States negotiating from strength. But the succession struggle within the Soviet Union after Stalin's death and an attempt to break away from the cult of personality and establish 'collective leadership', threatened its internal solidarity. This was considerably stabilized with the indictment of Beria towards the end of 1953. Berlin riots at this time also challenged the Soviet position in East Germany though the situation was quickly brought under control again. These events weakened the internal stability and external position of the Soviet Union.⁴³

Consequently, none of the Big Powers were perhaps serious about proceeding with actual negotiations leading to a successful conclusion of international problems facing them. This applied with manifold intensity to questions of unification of Germany and conclusion of a treaty with Austria, where the Big Four stood face to face even in the day to day administration of the areas. Moreover, this was the area, the decisions concerning which were going to demarcate the boundary determining the spheres of influence of the two blocks. Therefore, each side, while pronouncing its aims as the reduction of international tensions, behaved with great caution in undertaking any such step. By the end of 1953, however, the parties gradually evolved some sense of security

⁴² The main difference within the Western block was that of approach. Churchill advocated 'sailing upto the enemy and hailing him', while Acheson believed in first building up situations of strength from where to try a settlement. UK, House of Commons, *Parliamentary Debates*, series 5, vol. 515, session 1952-53, cols. 834-97. *DOSB*, 26 June 1950, pp. 1037-41, p. 1056

⁴³ George von Rauch, *A History of Soviet Russia* (London, 1967), pp. 417-27. Force of domestic events affecting international dealings of states is being dealt with by O. R. Young, *Politics of Force: Bargaining during International Crises* (Princeton, 1965).

and solidarity, which doubtless prompted them to come in personal contact to explore the practical implications of each other's declared aims concerning peaceful conduct of international relations.

There was, however, a marked change in the Soviet attitude towards Austria in so far as its internal administration was concerned. The numerous concessions, it made for relaxing the strict Soviet control called for a careful and cautious observation of Soviet politics and its implications. It was interpreted as an attempt on the part of the Soviet Government to evolve some *modus vivendi* with the Western powers after a long interval in the continued cold war. The Western initiative might also have been guided by similar desires. It was, however, necessary to stop an endless exchange of memoranda to prove their genuine desire for peace by actually coming to a conference table.

The Soviet Union, however, made it specific that the blame for the deadlock on the Austrian problem rested entirely with the Western powers which have been persisting in their efforts to impose the Abbreviated Treaty with all its defects. This Soviet tactic of refusing to acknowledge the Western and Austrian withdrawal of the Abbreviated Treaty indicated that the forthcoming conference might not bring a settlement on Austria. Nonetheless, it was hoped that a face to face renunciation of the Abbreviated Treaty by the Western powers might stop Soviet repetition of the old arguments and prepare at least a basis for some further step.⁴¹

The efficacy of Austrian diplomacy emerges prominently during this phase of the absence of direct negotiations, particularly after the failure of the Western efforts for direct contacts with the Soviet Union via the media of the 'Short Treaty.' When Four

⁴¹ I. Alexandrov, 'Who is delaying a settlement of the Austrian Question', *Soviet News*, 21 December 1953, pp. 2-3. Coral Bell holds that the reasons for the failure of any sort of east-west negotiations during 1952-53 related to a greater extent to the domestic compulsions within the Western Powers rather than those within the Soviet Union, Coral Bell, *Negotiation from Strength: A Study in the Politics of Power* (London, 1962), pp. 188-210.

danger of distortion of their national objective if they were to declare a total commitment to the West through a partisan alignment. Instead, Austrian attention was focussed on the use of the United Nations where there were opportunities for image-building. It can be said that to a great extent Austrians demonstrated their competence to steer a course which avoided interlocking of Austrian problem with other serious conflict situations awaiting action by the world body.

A turning point towards responsible bargaining was reached with Soviet concessions in 1953, an undisguised preparation for a Soviet peace offensive. There is considerable evidence that the moves for breaking the diplomatic deadlock were made more feasible by Austrian political strategy of underplaying the ideological cleavage and encouraging Western negotiators to find the most efficient way to widen the area of cooperative relations with the Soviet Union particularly after the loosening of Stalinist strait-jacket. This strategy paid off in that the negotiators agreed to meet and reopen talks for an Austrian settlement.

CHAPTER SIX

FROM CORRESPONDENCE TO CONFERENCE: THE CONFLICT RESOLUTION

BERLIN CONFERENCE OF FOREIGN MINISTERS

The onset of the atomic era with its accompanying paradox of arms for security resulted in the Big Four being forced to adopt a more conciliatory tone. Premier Malenkov foresaw 'no objective obstacles' to an improvement of East-West relations in the new year and President Eisenhower also agreed to proceed towards 'a lasting peace in a free and prosperous world.' Simultaneously, Dulles hoped for successful resolution of the problem of German reunification and Austrian independence in the forthcoming Berlin Conference.¹

Austrian government picked up the tune and sent a note to the occupying powers requesting them to finalize the State Treaty. The Western powers assured Austria that they would undertake all efforts for separating the German and the Austrian problems and would press for Austrian representation at the conference to facilitate the conclusion of the State Treaty. The Soviet Union also announced its readiness to do all in its power for 'a final settlement of the Austrian question' and accepted Austrian participation in the conference.² This, however, was immediately followed by Soviet

¹ *Soviet News* (USSR Embassy, London), 4 January 1954, p. 1. *Department of State Bulletin* (Washington), 18 January 1954, p. 79. (Hereafter referred to as *DOSB*.)

² Text of the Austrian note *Wiener Zeitung* (Vienna), 6 January 1954.

reference to the menace of a new 'Anschluss'—Anschlussgefahr—and to remilitarization of Austria. In defence, Reber emphasized that the treaty itself would be the best guarantee against all this. Nonetheless, this indicated that the real difficulty this time would be the question of troops withdrawal. The Austrian Government demanded a clear 'yes' or 'no' and advocated that a conference exclusively for Austria might be more beneficial for the solution of the problem than the forthcoming Berlin venture. Still, Figl thought that a settlement on Austria might be possible in view of the fact that Austria would be an equal negotiating partner at the conference table.

Austrian coalition partners evolved a consolidated policy for sponsorship by the Austrian Government. One of the significant decisions concerned their striving for the reduction of Soviet demand of the lumpsum of 150 million dollars in view of the fact that Austrian economy had been exploited for a further period of more than four years after the sum was agreed upon. Another issue of still greater concern was to define a policy of non-entanglement for a free Austria, which would satisfy both the alleged fears of the East and the minimum expectations of the West. This was essential in view of the tremendous increase in the Anschluss campaign by the Soviet Union showing inevitable signs that the 'Anschluss bogie' was going to figure prominently at the conference.³ Austrian delegation to Berlin was instructed to negotiate without compromising with the sovereignty of their land.

At Berlin the High Commissioners of the four powers in the city were struggling hard over the meeting place for the Conference. This was only a prelude to the existence of still wider differences and created grave doubts as to the possibility of resolving any conflict.⁴

Western notes to Austria, DOSB, 25 January 1954, p. 111. Soviet note to Austria, *Soviet News*, 22 January 1954.

³ Gordon Brook-Shepherd, *The Austrian Odyssey* (London, 1957), pp 253-54.

⁴ DOSB, 25 January 1954, pp. 110-11. For an impact of 'stage setting' on the process of negotiations see Admiral C. Turner Joy, *How Communists Negotiate* (New York, 1955), pp. 1-9.

The Conference began on 25 January 1954 as scheduled with the four Foreign Ministers reiterating their desires for peace. Bidault warned against the coupling of totally unrelated issues and appealed to all concerned to deal with concrete problems susceptible to rapid solution, like Austria. Nevertheless, in his proposal for an agenda, Molotov placed the 'Austrian Treaty' as the last item. It was accepted in order 'to avoid 'the battle of the agenda' and start concrete negotiations.

The first two items—convening a five power conference for measures to be decided to reduce international tension, and reunification of Germany—consumed the energies of the four Foreign Ministers for a fortnight. Although item No. 1 yielded positive result, the negative outcome on item No. 2 led to doubts as regards the success on the Austrian question. Some hopes for a satisfactory settlement on Austria still existed because the main ground for disagreement on Germany—the issue of holding free elections throughout the State—did not arise in case of Austria. Moreover, it was the only issue on which the Big Four could prove their genuine desire for peace. Thus, mixed feelings of hope and doubt prevailed over the Conference when the Austrian question was taken up on 12 February 1954.

Austrian Foreign Minister, Figl declared Austrian preparedness 'to make sacrifices and to take burdens upon ourselves for our liberty and sovereignty', but pointed out that the economic terms laid down in Article 35 were particularly harsh to Austrian economy and needed a sympathetic reconsideration. He appealed to the Big Four to

give Austria the State Treaty and you will thereby contribute to a genuine relaxation of tensions in international relations and to the preservation of security in Europe.³

Eden, Dulles and Bidault consented to reconsider Article 35 and Molotov agreed to accept the lumpsum of 150 million dollars in

³ H.M.S.O., *Command Paper* 9080, miscellaneous no. 5 (1954), pp. 131-33. Figl replaced Gruber as Foreign Minister of Austria.

'deliveries of goods' in yearly instalments instead of quarterly ones. He, however, proposed that the deputies should be instructed to finalize the treaty within three months on the basis that Austria should be forbidden to join any military alliance, and she should not 'permit the establishment on its territory of foreign military bases.' An interesting clause added by Molotov asked for a postponement of the troops withdrawal from Austria, pending conclusion of a peace treaty with Germany. These troops, however, were not to perform 'the functions of occupation' and the city of Vienna was to be relieved of all foreign troops along with the dissolution of the Allied Commission. Figl was quick to refuse the Soviet proposal and clarified that it would 'put off indefinitely the real prospects of an effective liberation of Austria from foreign occupation.' The Austrian Government stated that the Soviet Union was trying to secure the economic advantages of a State Treaty with the occupation of a politically and strategically significant outpost in Europe. Home Minister Helmer stressed 'as there is no divided or half peace, so is there no half independence.' The Mayor of Vienna emphatically declined to accept any special concessions for Vienna so long as the rest of the country was occupied.⁶ Dulles extended his wholehearted support to the Austrian point of view and declared that in between the top and bottom of 'a peculiar sandwich' Molotov had inserted 'some poisonous proposals' fatal to Austrian independence.

Regarding Soviet demand for Austria's military neutrality, Dulles considered it a forcible imposition and hence, a contradiction of the concept of a sovereign state. He, however, declared that were Austria to make that choice on its own, it would be assured of United States support. Bidault warned that the Western eagerness to sign the State Treaty at Berlin would not mean the acceptance of unjust claims of the Soviet Union. Figl recounted Austrian sacrifices in accepting the economic burdens beyond her

⁶ *Ibid.*, pp. 133-34, 139-43. Department of State Publication No. 5399, *Foreign Ministers Meetings, Berlin Discussions*, January 25-February 18, 1954 (Washington, 1954), pp. 223-24.

capacity and once again appealed to Molotov to withdraw the newly inserted clauses in the draft treaty as these visualized an indefinite subjection of Austria instead of a guarantee of her sovereignty and independence. He informed the Conference about Austrian decision to keep itself free from foreign military influence. An imposition by Four Powers to that effect, he held, would be unnecessary and need not delay the signing of the State Treaty.⁷

Molotov, however, did not foresee any justifiable objection to his proposal as he specified that his suggestion was : first, to station a limited number of troops in Austria after the conclusion of the State Treaty ; second, to keep these troops there for a limited period of time, viz., till the conclusion of a peace treaty with Germany; and third, that these troops would not have occupation functions. Molotov also suggested that a final settlement as to the exact date of complete withdrawal of occupation troops should be decided by big Four not later than 1955. Figl, however, considered it an empty concession which would create an 'intolerable anomaly' in the land.⁸

Renewed persuasions by the British and the French Foreign Ministers asking Molotov to remove the newly inserted roadblocks, did not yield any result. When the question was taken up for discussion on the last day of the Conference, Figl made vigorous efforts emphasizing that for Austria, 'the assurance of the withdrawal of the occupation forces represents the essential and capital value of the Treaty...' Nevertheless, he made it clear that his government

would be willing...if this should prove the means of ensuring the conclusion of the State Treaty at this conference, to accept an extension of the time-limit within which the occupation troops, in accordance with the Treaty, must quit Austrian soil.

He suggested fixing the exact date of the complete withdrawal of

⁷ *Command Paper* 9080, n. 5, pp. 144, 159-63.

⁸ *Ibid.*, p. 172.

the occupation troops which might extend to 30 June 1955 instead of 90 days envisaged in Article 33.⁹

In the closing hours of the Conference, Figl made a last desperate bid to rescue the situation when he offered to the Soviet Union along with the three Western Powers, continuous post-treaty supervisory rights concerning the execution and interpretation of the State Treaty by striking out the period of eighteen months provided for in Articles 55 and 57 though Article 33 was to remain unchanged. It was hoped that 'Russia would find in such a quasi-permanent guardianship the guarantees she demanded against "the Anschluss menace"'. The acceptance of the offer might have proved detrimental to Austrian independence in the long run, were the Four Powers to decide on interference in its affairs at any point of time. Nevertheless, it was a bold but well calculated offer to secure the withdrawal of all occupation troops as the guarantee, was extended not to any single power individually, but to 'the head of the diplomatic Missions of the Four Powers in Vienna', who 'by joint action', were to 'represent the Allied and Associated Powers vis-a-vis the Austrian Government in all questions concerning the execution and interpretation of the present treaty.'¹⁰ In view of the existing divergencies among the Big Powers, it was difficult to imagine the possibility of 'joint action' to assault Austrian independence. Experience till then, particularly, in case of Austria, also ruled out any such eventuality. The risk involved was, thus, very insignificant though it indicated a pay off in terms of the speedy conclusion of the State Treaty with favourable foreign policy consequences to Austria. Molotov, however, could not be induced to agree to this Austrian offer but he suggested that the four High Commissioners in Vienna with the participation of an Austrian representative should further negotiate on the draft treaty. Dulles, however, made it clear that the negotiations could be resumed only after an exact date of withdrawal of the occupation troops was decided. Both Bidault and

⁹ *Ibid.*, Document 17, p. 164.

¹⁰ *Ibid.*, Document 18, p. 164.

Eden supported him in his contention. The failure to conclude an Austrian Treaty, Dulles thought, was mainly due to the lingering Soviet fear that Austria if left alone, would not for long be able to avoid absorption by Germany. This, he said, 'could not have been avoided by mere diplomatic or negotiating skills' as there was a fundamental difference between the views of the East and the West. In Bidault's opinion, this very fact resulted in 'differences in our evaluation of existing facts'. Consequently, the four Foreign Ministers admitted their failure to resolve the questions of Germany, Austria and European security. The only agreement reached was to convene a conference of the representatives of Big Five and all the other interested Governments at Geneva on 26 April 1954 to discuss the problems of restoring peace in Korea and Indo-China.¹¹

The routine practice of mutual accusations followed Berlin also. Dulles compared the Four Power efforts for Austrian Treaty to those of Sisyphus, symbolizing tragic futility in Greek mythology. Every time the treaty was brought to the brink of completion, it was pushed back. Eden admitted that the Big Four reached certain rigidity in their European affairs because of the Soviet unwillingness 'to relax their heavy hand at any one point.'

The Soviet Union on its part blamed the Western Powers for the failure of the Conference because of their notorious 'Policy of Strength'. It was, however, emphasized that 'the problems which have not been settled at this Conference are still on the order of the day', and efforts would be continued 'with still greater persistence for their solution.'¹²

Prime Minister Churchill, however, considered that the failure was due to the basic flaw of limiting a conference by the forma-

¹¹ *Ibid.*, pp. 174-76. Pirchegger, however, holds that the Western Powers themselves were not enthusiastic about neutralization of Austria at Berlin Conference due to their NATO interests. Kayer Kaind Pirchegger, *Geschichte und Kulturlehren Oesterreichs* (Wien, 1965), p. 449.

¹² *Ibid.*, p. 161. UK, House of Commons, *Parliamentary Debates*, Series 5, vol. 524, session 1953-54, cols. 401, 416. W. M. Molotov, *Ueber die Ergebnisse der Berliner Konferenz* (Wien, 1954), p. 18.

lities of agenda, press and communiques which involved absence of 'full and frank talks' because the negotiators had to undergo the ordeal 'of playing on the world stage with every word studied, weighed and analysed' and liable to be misinterpreted by 'highly-organized machinery for propaganda purposes'. The most obvious disappointment at Berlin, he held, was 'the failure to secure the liberation of Austria by signing of a treaty', but did 'not feel inclined to take "No" for an answer in this matter.'¹²

Chancellor Raab realistically appraised the situation when he pointed out that calculations of power politics of the Big Four were obstructing the signing of the treaty. Vice Chancellor, Schaerf resented the tactic of continued coupling of the Austrian question with that of Germany and brought out the dangerous implications of the Soviet offer of partial troops withdrawal. This would push the Western troops far away from Vienna while the Soviet troops would be in the vicinity of the capital city. He further clarified that the dissolution of the Inter-Allied Komandatura would leave the troops uncontrolled by any joint authority, which would be worse than the full-fledged occupation that Austria was undergoing. Foreign Minister Figl, declared Austrian resolve to be more active and courageous to end all exploitation of its political, economic and strategic situation by the gamblers of power politics. State Secretary Kreisky felt that perhaps the Soviet Union used 'Public negotiations' as a sounding board for propaganda, being at the same time in no mood to alter the status-quo by eliminating a situation of conflict.¹³

¹² UK, House of Commons, *Parliamentary Debates*, series 5, vol. 524, session 1953-54, cols. 583-86. Relative advantages and disadvantages of the development of modern communications and the acceptance of democracy in the conduct of diplomacy have been discussed at length by Livingston Merchant, 'New Techniques of Diplomacy', in E. A. J. Johnson, ed., *The Dimensions of Diplomacy* (Baltimore, 1964), pp. 117-35.

¹³ Bundesministerium fuer Unterricht, *Freiheit fuer Oesterreich: Dokumente* (Wien, 1955), pp. 42-60. K. R. S., 'Austria and the Berlin Conference', *World Today* (London), vol. X, pp. 149-58.

BIG POWER DIVERSION TO ASIA AND ITS IMPLICATIONS FOR AUSTRIA

After the Berlin Conference, the attention of the world was diverted from Europe to Asia when the Big Five and the other interested powers started discussing Korea and Indo-China at Geneva on 26 April 1954. Negotiations on Korea ran without a settlement on the issue. Towards the end of July, however, an agreement was evolved on the problem of restoring peace in Indo-China. It foresaw neutralization of Laos and Cambodia and partition of Vietnam bringing it in line with divided Korea.¹⁵ Neutral Laos and Cambodia strongly revived the possibility of a similar solution for Austria as the Soviet Union was emphasizing it. On the other hand, the Big Four practice of adopting partition to stabilize the status quo in areas of their strategic interests served a warning to Austria. The only redeeming feature in case of Austria was that unlike other areas, a central government based on free elections was steadily existing in the state since its liberation.

Despite the attention demanded by Asian developments, the Big Powers could not completely brush aside European problems. In response to a Soviet note concerning collective security in Europe, the Western Powers clarified that it would be best ensured if the Soviet Union could give concrete evidence towards eliminating sources of international tension. The most prominent situation referred to, as a basis for such a reassessment was the restoration of Austria's full sovereignty.¹⁶

EUROPEAN SECURITY AND THE AUSTRIAN QUESTION

The Soviet note of 24 July, however, suggested convening a Conference of all European states and the United States with observers from the People's Republic of China to discuss the question of collective security in Europe. This, the note stated,

¹⁵ World Peace Foundation, *Documents on American Foreign Relations: 1954* (Boston), pp. 62-65, 267-69, 311-14. H.M.S.O., *Command Paper*, 9239 (1954).

¹⁶ Text of the Soviet note of 31 March 1954 and of the Western note of 7 May 1954 in *DOSB*, 17 May 1954, pp. 756-59.

among other things, would also contribute to the solution of the Austrian question.¹⁷

The Western powers, however, considered it meaningless to discuss collective security system in Europe without the solution of concrete problems like Germany and Austria. They offered to accept the Soviet text of the still disputed Articles in the draft treaty for Austria, thus, enabling the restoration of its sovereignty. If progress could be made in this direction, they were willing for a foreign Ministers' Conference to discuss European security. Simultaneously, the Western policy of regional security system led to the signing of the 'Southeast Asian Collective Treaty' at Manila on 8 September 1954. This envisaged a chain of military bases encircling Soviet territory, and consequently drew bitter Soviet attacks.¹⁸

Meanwhile, Austrian government sought a meeting with four powers to discuss alleviation of occupation burdens. The Western powers empowered their ambassadors at Vienna to discuss the issue. The Soviet Union however, suggested that the ambassadors should discuss the disputed clauses of the treaty. Austria accepted this Soviet call but categorically stated that withdrawal of all troops would be the prerequisite for any such step.¹⁹

- Ironically enough another Soviet call for a foreign ministers conference on Germany, an all European Conference for a system of collective security in Europe and an ambassadors conference at Vienna for a settlement on Austria, coincided with the signing of Paris agreement for the termination of occupation regime in the Federal Republic of Germany and its incorporation in NATO, an event, the Soviet government was trying to prevent at all costs. Further renewal of Soviet suggestion for an all-European conference received Western refusal as they asked first to sign the Austrian State Treaty and asked for a clarification of Soviet position on the question of German reunification. The other aspects of European

¹⁷ Text of the Soviet note, *Soviet News*, 28 July 1954, pp. 1-3.

¹⁸ Text of the Western note, *DOSB*, 23 September 1954, pp. 397-98. Also see *Soviet News*, 23 September 1954, pp. 1-3.

¹⁹ Text of the Austrian note, *Wiener Zeitung*, 13 October 1954.

security, they felt, could be dealt with later.²⁰

The Soviet call was, however, responded by Seven Communist countries of Eastern Europe and a conference of eight nations with observers from the People's Republic of China was held at Moscow from 29 November to 2 December 1954. It expressed resentment over Paris agreements and a resolve of the participating states for 'joint undertakings with respect to the organization of armed forces and their command, and also their frontiers and territories, and to ensure defence against possible aggression.'²¹ These actions and reactions led to the mounting of international tension rather than relaxing it at any point of conflict.

Thus, initially Soviet insistence on the occupation of Austria till German treaty was signed and later, Western hesitation to agree to a conference till Paris Agreements were ratified delayed a settlement on Austria.

Soviet resistance to pull out troops from Austria at this juncture was understandable to some extent. This would have called for troops withdrawal from Roumania and Hungary as stipulated earlier. The arguments that might have weighed heavily against such a withdrawal in 1946 and 1949 were no longer relevant in 1954. Indeed the stationing of Soviet troops in Austria in the era of atomic and hydrogen bombs was no longer of a high military priority. The encounter now was with a politically and militarily consolidated West. Communist Yugoslavia having proved the ability to survive without Soviet support introduced a new factor into the traditional Soviet control of the International Communist Movement and provided an incentive for rejection of Soviet authority. Austria under the Western consolidated system would have been an added danger, especially

²⁰ *Texts of Soviet and Western notes, DOSEB, 13 December 1954, pp. 901-7.* For Western view, *Official Records of the General Assembly of the United Nations, session 9, plen. mtg. 498, 22 November 1954, p. 286.*

²¹ *Soviet News, 3 December 1954.* K. A. Rohan, 'Oesterreichische Frage und Einigung Europas', *Aussenpolitik* (Freiburg), vol. 4, pp. 426-32.

among other things, would also contribute to the solution of the Austrian question.¹⁷

The Western powers, however, considered it meaningless to discuss collective security system in Europe without the solution of concrete problems like Germany and Austria. They offered to accept the Soviet text of the still disputed Articles in the draft treaty for Austria, thus, enabling the restoration of its sovereignty. If progress could be made in this direction, they were willing for a foreign Ministers' Conference to discuss European security. Simultaneously, the Western policy of regional security system led to the signing of the 'Southeast Asian Collective Treaty' at Manila on 8 September 1954. This envisaged a chain of military bases encircling Soviet territory, and consequently drew bitter Soviet attacks.¹⁸

Meanwhile, Austrian government sought a meeting with four powers to discuss alleviation of occupation burdens. The Western powers empowered their ambassadors at Vienna to discuss the issue. The Soviet Union however, suggested that the ambassadors should discuss the disputed clauses of the treaty. Austria accepted this Soviet call but categorically stated that withdrawal of all troops would be the prerequisite for any such step.¹⁹

Ironically enough another Soviet call for a foreign ministers conference on Germany, an all European Conference for a system of collective security in Europe and an ambassadors conference at Vienna for a settlement on Austria, coincided with the signing of Paris agreement for the termination of occupation regime in the Federal Republic of Germany and its incorporation in NATO, an event, the Soviet government was trying to prevent at all costs. Further renewal of Soviet suggestion for an all-European conference received Western refusal as they asked first to sign the Austrian State Treaty and asked for a clarification of Soviet position on the question of German reunification. The other aspects of European

¹⁷ Text of the Soviet note, *Soviet News*, 23 July 1954, pp. 1-3.

¹⁸ Text of the Western note, *DOSB*, 23 September 1954, pp. 397-98. Also see *Soviet News*, 23 September 1954, pp. 1-3.

¹⁹ Text of the Austrian note, *Wiener Zeitung*, 13 October 1954.

security, they felt, could be dealt with later.²⁰

The Soviet call was, however, responded by Seven Communist countries of Eastern Europe and a conference of eight nations with observers from the People's Republic of China was held at Moscow from 29 November to 2 December 1954. It expressed resentment over Paris agreements and a resolve of the participating states for 'joint undertakings with respect to the organization of armed forces and their command, and also their frontiers and territories, and to ensure defence against possible aggression.'²¹ These actions and reactions led to the mounting of international tension rather than relaxing it at any point of conflict.

Thus, initially Soviet insistence on the occupation of Austria till German treaty was signed and later, Western hesitation to agree to a conference till Paris Agreements were ratified delayed a settlement on Austria.

Soviet resistance to pull out troops from Austria at this juncture was understandable to some extent. This would have called for troops withdrawal from Roumania and Hungary as stipulated earlier. The arguments that might have weighed heavily against such a withdrawal in 1946 and 1949 were no longer relevant in 1954. Indeed the stationing of Soviet troops in Austria in the era of atomic and hydrogen bombs was no longer of a high military priority. The encounter now was with a politically and militarily consolidated West. Communist Yugoslavia having proved the ability to survive without Soviet support introduced a new factor into the traditional Soviet control of the International Communist Movement and provided an incentive for rejection of Soviet authority. Austria under the Western consolidated system would have been an added danger, especially

²⁰ Texts of Soviet and Western notes, *DOSB*, 13 December 1954, pp. 901-7. For Western view, *Official Records of the General Assembly of the United Nations*, session 9, plen. mtg. 498, 22 November 1954, p. 286.

²¹ *Soviet News*, 3 December 1954. K. A. Rohan, 'Oesterreichische Frage und Einigung Europas', *Aussenpolitik* (Freiburg), vol. 4, pp. 426-32.

among other things, would also contribute to the solution of the Austrian question.¹⁷

The Western powers, however, considered it meaningless to discuss collective security system in Europe without the solution of concrete problems like Germany and Austria. They offered to accept the Soviet text of the still disputed Articles in the draft treaty for Austria, thus, enabling the restoration of its sovereignty. If progress could be made in this direction, they were willing for a foreign Ministers' Conference to discuss European security. Simultaneously, the Western policy of regional security system led to the signing of the 'Southeast Asian Collective Treaty' at Manila on 8 September 1954. This envisaged a chain of military bases encircling Soviet territory, and consequently drew bitter Soviet attacks.¹⁸

Meanwhile, Austrian government sought a meeting with four powers to discuss alleviation of occupation burdens. The Western powers empowered their ambassadors at Vienna to discuss the issue. The Soviet Union however, suggested that the ambassadors should discuss the disputed clauses of the treaty. Austria accepted this Soviet call but categorically stated that withdrawal of all troops would be the prerequisite for any such step.¹⁹

Ironically enough another Soviet call for a foreign ministers conference on Germany, an all European Conference for a system of collective security in Europe and an ambassadors conference at Vienna for a settlement on Austria, coincided with the signing of Paris agreement for the termination of occupation regime in the Federal Republic of Germany and its incorporation in NATO, an event, the Soviet government was trying to prevent at all costs. Further renewal of Soviet suggestion for an all-European conference received Western refusal as they asked first to sign the Austrian State Treaty and asked for a clarification of Soviet position on the question of German reunification. The other aspects of European

¹⁷ Text of the Soviet note, *Soviet News*, 23 July 1954, pp. 1-3.

¹⁸ Text of the Western note, *DOSB*, 23 September 1954, pp. 397-98. Also see *Soviet News*, 23 September 1954, pp. 1-3.

¹⁹ Text of the Austrian note, *Wiener Zeitung*, 13 October 1954.

security, they felt, could be dealt with later.²⁰

The Soviet call was, however, responded by Seven Communist countries of Eastern Europe and a conference of eight nations with observers from the People's Republic of China was held at Moscow from 29 November to 2 December 1954. It expressed resentment over Paris agreements and a resolve of the participating states for 'joint undertakings with respect to the organization of armed forces and their command, and also their frontiers and territories, and to ensure defence against possible aggression.'²¹ These actions and reactions led to the mounting of international tension rather than relaxing it at any point of conflict.

Thus, initially Soviet insistence on the occupation of Austria till German treaty was signed and later, Western hesitation to agree to a conference till Paris Agreements were ratified delayed a settlement on Austria.

Soviet resistance to pull out troops from Austria at this juncture was understandable to some extent. This would have called for troops withdrawal from Roumania and Hungary as stipulated earlier. The arguments that might have weighed heavily against such a withdrawal in 1946 and 1949 were no longer relevant in 1954. Indeed the stationing of Soviet troops in Austria in the era of atomic and hydrogen bombs was no longer of a high military priority. The encounter now was with a politically and militarily consolidated West. Communist Yugoslavia having proved the ability to survive without Soviet support introduced a new factor into the traditional Soviet control of the International Communist Movement and provided an incentive for rejection of Soviet authority. Austria under the Western consolidated system would have been an added danger, especially

²⁰ Texts of Soviet and Western notes, *DOSB*, 13 December 1954, pp. 901-7. For Western view, *Official Records of the General Assembly of the United Nations*, session 9, plen. mtg. 498, 22 November 1954, p. 286.

²¹ *Soviet News*, 3 December 1954. K. A. Rohan, 'Oesterreichische Frage und Einigung Europas', *Aussenpolitik* (Freiburg), vol. 4, pp. 426-32.

in view of the termination of occupation in the Federal Republic of Germany and plans for its inclusion in NATO. As an important connecting link in the expanded NATO flank Austria would have posed a serious challenge to Communist control of Prague and Budapest. Communist control of Vienna was obviously ruled out after the events of 1949 and 1950. The only alternative was to keep it outside the western military sphere, and so long as the Soviets did not get a reliable guarantee to that effect, they were bound to delay a conclusive settlement on Austria.

Although, these calculations did not concern 'urgent security reasons involving the satellites', it would, nevertheless, have had an adverse impact on the long term Soviet strategic interests in the 'satellite area', in case Austria were to be sucked into the Western military sphere. If it is agreed with Blair that the Soviet Union was holding on to Austria as 'a valuable asset in the diplomatic bargaining game', the fact must also be given due recognition that the reluctance of the Soviet Union to leave Austria in early 1954 was also influenced by long term strategic, economic and political interests.²¹

Neither was the Soviet fear of 'Anschlussgefahr' entirely baseless. The emergence of the 'League of Independents', where most of the former Nazis had taken refuge, was in a relatively better position than even the Communist Party of Austria. The Soviets needed to be convinced that there was opposition to the pro-Anschluss group even within the party. Though this did not mean an anti-German attitude, most people thought, 'the Anschluss solution outdated' and craved for 'new solutions of a more European character.' An indefinite continuation of Allied occupation, however, could have created a dangerous situation. As Janko Musulin pointed out that though 'the Russians could not march into the West of Austria or make a change in the position

²¹ E. Blair, *Peace through Negotiations: The Austrian Experience* (Washington, 1966), p. 60. The Polish and Hungarian revolts in the year following Austrian independence, were partially interpreted as the aftermath of Austrian settlement.

of Vienna without grave risks', there was no limit to 'the amount of pressure they could bring to bear on the Russian zone apart from Vienna...'. There was, *nonetheless*, a grain of truth in the contention that Austria was 'carefully prepared as a bargaining point' and could be 'evacuated without loss of face.'²³ This depended on the role and character Austria would assume in the future, and this had to be guaranteed before any pressure could be brought on the Big Four to achieve the required results.

THE SOVIET PEACE OFFENSIVE

Within the Soviet Union, however, the continuing succession struggle resulted in the replacement of Soviet Premier Malenkov by Nikolai A. Bulganin. The same day, Foreign Minister Molotov launched a severe attack on the Paris Agreements and warned the West about the corresponding steps which the eastern countries would be forced to take in the event of their ratification. His statement on Austria, however, came as a pleasant surprise. He declared 'any further delay in the conclusion of a State Treaty with Austria unjustified' and suggested a way out by finding a solution 'as would preclude the possibility of Germany carrying out a new 'Anschluss'. In that event he specified that all troops could be withdrawn from Austria without waiting for a settlement on Germany. He demanded an undertaking from Austria to *maintain strict military neutrality*. He further suggested convening a Four Power conference 'to examine the German problem, as well as the question of concluding a State Treaty with Austria.' Austrian participation in discussions on the Austrian question was also presupposed.²⁴

The Western Foreign Offices did not make any secret of their suspicions about the Soviet offer and suggested that an exchange of opinion in this connection could take place among the four

²³ Janko Musulin, 'Austria Between East and West', *International Affairs* (London), vol. XXX, pp. 431-33. S. Kondrashov, 'Threat of New Anschluss', *Current Digest of Soviet Press*, 9 February 1955, pp. 30-31.

²⁴ *Soviet News*, 17 February 1955, pp. 3-4.

binding on the Western powers. The Soviet insistence on convening a conference before the ratification of Paris Agreements was interpreted as a clear indication of Soviet aim to torpedo Western defence plans rather than sign the Austrian Treaty. Nonetheless, Moscow's sincerity to solve a long overdue problem could be taken seriously in view of its persistent demand for Austrian neutrality, which might have been considered as an experimental step for assessing the possibility of creating 'grayzones' on the periphery of the East-West divide and means towards peaceful coexistence.²⁸

AUSTRO-SOVIET TALKS AT MOSCOW

The three Western powers, however, conceded to the possibility of an Austrian settlement on the basis of the Soviet proposals provided the Austro-Soviet talks brought a 'clear promise of the restoration of freedom and independence to Austria.' It was also emphasized that the State Treaty was 'of concern to the governments of all four responsible powers, as well as to the Austrian Government.'²⁹ The Austrian Government, on its part, announced its intention to inform all the occupying Powers about the Austro-Soviet talks and bring them together in a conference. Chancellor Raab characterized his visit to Moscow as 'a flight for peace' and assured the Western powers that Austro-Soviet talks would only be in the nature of an exploratory survey with no aim for separate negotiations with Moscow.³⁰

The Austro-Soviet negotiations were conducted in a friendly atmosphere and led to further clarification of significant issues concerning the State Treaty. The Austrian delegation at the outset reaffirmed its government's earnest intentions to adopt *military neutrality after independence*. The Soviet delegation on its part agreed to withdraw the occupation troops 'after the State Treaty with Austria comes into force, and not later than 31

²⁸ Cyril E. Black et al and others, *Neutralization and World Politics* (Princeton, 1968), pp. 1-17.

²⁹ DOSB, 18 April 1955, pp. 647-48.

³⁰ *Wiener Zeitung*, 7 and 13 April 1955.

December 1955.' It also stood by its offer made at Berlin to accept the equivalent of 150 million dollars entirely in Austrian goods. The more significant economic concessions were the return of the DDSG assets with appropriate compensation and of the oil assets 'in exchange for deliveries of crude oil in amount agreed on by the sides.' The Soviets were prepared to waive the claims for the 'Stalin Gift' in return for Austria renouncing the civil occupation costs. The Soviet Union also agreed to repatriate all Austrian prisoners of war and detained Austrian civilians before the occupation troops withdrew from the Austrian territory. Molotov, however, made it clear time and again that 'not all depends on us' but hoped for a speedy conclusion of the State Treaty.²¹

The Austro-Soviet negotiations were carried on in such an informal and friendly atmosphere that these were characterized as 'Diplomatie in Gemuetlichen' which could roughly be translated as diplomacy in homely and comfortable atmosphere with perfect understanding for each other's point of view.²² Perhaps the Soviet behaviour pattern exhibited at the talks, besides other things, was also intended to be a lesson to other neutral nations and to Germany in particular, that much could be obtained through direct negotiations with the Soviet Union. Throughout the negotiations, however, the Austrian delegation never failed to emphasize that their talks aimed at preparing the ground for four power consulta-

²¹ Soviet-Austrian Communique dated 15 April 1955, *Soviet News*, 19 May 1955, pp. 2-3.

²² Walter KirfGerman, *Flug nach Moskau* (Vienna, 1955). The use of informal conversations, receptions, diplomatic cocktails, sports and cultural programmes for solving serious issues of dispute had been a fruitful practice in diplomatic negotiations since earlier times. De Callieres talks of 'craft at the card-table' and Thompson and Padover refer to the dances and hunting parties during the Congress of Vienna. De Callieres, *On the Manner of Negotiating with Princes* (Paris, 1916; Indiana, 1963), p. 105. Thompson and Padover, *Secret Diplomacy* (New York, 1963), chapter XIII. Also revealing is the concept of 'hotel of diplomacy' as it came to be known during the League era. More recent concepts are 'cultural diplomacy' and 'ping pong diplomacy'.

made by the Soviet Union.³⁵

The Ambassadors' Conference began with long closed door meetings without official communiques. A two-line statement issued after four days expressed the hope of an early completion of the work.

Initial progress of the Conference was, however, followed by few difficulties as the Ambassadors took up the still disputed Articles of the Treaty. The West insisted on dropping Article 16 providing for repatriation of the displaced persons and the refugees and Article 17 limiting the Austrian army to which the Soviets were not agreed. The Soviet proposal to set 31 December 1955 as the date of final departure for Allied troops also encountered Western opposition. Ultimately the Soviet Union conceded on both the points. Article 42 on the restitution of United Nations property in Austria posed the next hurdle when the United States and British representatives insisted upon the restitution of certain American, British and Dutch oil properties in Austria, which their nationals were forced to sell to the Nazi government. France also asked for similar restitution of the property of French nationals. These claims, however, were settled outside the regular sessions of the conference. These Western economic demands were quite surprising in view of their persistent criticism of Soviet economic claims.³⁶

³⁵ *Wiener Zeitung*, 22 and 25 April 1955. The economic agreements arrived at Moscow had five aspects. 1. USIA concerns to be returned to Austria against the payment of 150 million dollars in six equal instalments over a period of six years in the form of Austrian goods; 2. DDSG assets to be returned to Austria against the payment of 2 million dollars; 3. ceding complete control of Austrian oil fields at Zisterdorf and Bohr establishments after the delivery of 1 million tons oil to the Soviet Union; 4. a pledge to negotiate an Austro-Soviet trade agreement for regulating future trade between the two states; 5. Soviet renunciation of the dried peas debts in return for Austrian withdrawal of her counter claims for civil occupation costs. Bundesministerium fuer Unterricht, *Oesterreich Freies Land, Freies Volk, Dokumente* (Vienna, 1957), pp. 24-27.

³⁶ Shepherd, n. 3, p. 262. Details of the settlement of the Western

The main issues of confrontation were the formulation of Article 35 dealing with the economic clauses of the treaty, and the question of Four Power guarantee of Austrian neutrality. The West proposed to include in the treaty modifications of Article 35 agreed upon in the Austro-Soviet bilateral talks at Moscow while the Soviet Union considered it a matter between Austria and the Soviet Union with which the West was not concerned and hence disagreed to its inclusion in the treaty. The situation was further aggravated with Dulles and McMillan announcing their decision to delay their flights to Vienna till final agreement on Article 35 was reached. Concerning the Four Power guarantee of Austrian neutrality insisted on by the Soviet Union, it was again the Soviet Union who conceded to the Austro-Western view of re-establishing Austria as a sovereign entity, which in turn should declare its neutral status later. With this roadblock removed, the communique announced full unanimity on all Articles of the draft treaty. It further stated that towards the end of the week the four Foreign Ministers would meet their Austrian counterpart at Vienna to examine and sign the State Treaty.³⁷

COUNCIL OF FOREIGN MINISTERS AT VIENNA :

The arrival of four Foreign Ministers at Vienna was followed by their close consultations with the Austrian Foreign Minister. The meeting brought spectacular concession for Austria as the

economic demands in 'Memorandum by the United States, the United Kingdom and Austria, May 10, 1955' and 'Franco-Austrian Memorandum, May 10, 1955', H. Siegler, *Austria Problems and Achievements since 1945* (Vienna, 1969), pp. 194-98.

³⁷ The Ambassadors deleted eleven Articles and three Annexes which were no longer meaningful in the changed context. William Stearman, *The Soviet Union and the Occupation of Austria* (Vienna, 1961), p. 155. Text of the communique issued at the end of the Conference, *DOSB*, 23 May 1955, p. 833. The Western reluctance to concede on any point could be explained to an extent on the basis of their scepticism about the concept of neutrality in the mid-fifties. K. P. S. Menon, *Flying Troika* (London, 1963).

Foreign Ministers agreed within incredibly short time to Figl's appeal to strike off the clause in the preamble reminding Austria of its responsibility for participating in the war on the side of Nazi Germany. It was agreed that the question of Austrian neutrality would be handled through normal diplomatic channels, but the signing of the State Treaty need not be delayed for this reason. Accordingly, Austrian State Treaty restoring the country its sovereignty and complete independence was signed in the marble chamber of Belvedere Palace in Vienna on 15 May 1955.²⁸

Despite continuous Soviet criticism of the ratification of Paris Agreements and the alleged aggressive designs of the West, the Soviets took unexpectedly rapid steps to sign the State Treaty on the basis of complete withdrawal from a strategically significant outpost in central Europe. A day before the State Treaty was signed, the Soviet Union organized a Communist counterpart of NATO through the 'Treaty of Friendship, Cooperation and Mutual Assistance' which substantially strengthened its power position in the area. This also maintained the legal right of the Soviet troops to stay in Hungary and Rumania which would have otherwise lapsed with the signing of the State Treaty with Austria. It can, however, be ascertained that the settlement over Austria was the first overt expression of the non-military role of military alliances in Europe—NATO and the Warsaw Pact—in the shape of a beginning towards detente.²⁹

²⁸ Department of State Publication 6437, *The Austrian State Treaty* (Washington, 1957). The Treaty was ratified by Austria on 14 July, by the United States on 10 July, by the Soviet Union on 15 July, and by France on 27 July, the day on which it came into force. The Allied Commission for Austria was also dissolved with it. Bundesministerium fuer Unterricht, *Oesterreich Frei: Dokumente* (Wien, 1956), pp. 52-53.

²⁹ The Treaty of Friendship, Cooperation and Mutual Assistance was signed at Warsaw on 14 May 1955 by Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the German Democratic Republic and the Union of Soviet Socialist Republics. *Soviet News*, 16 May 1955, p. 3. For an analysis of the role of military alliances in the development of detente in Europe see Robert Hunter, *Security in Europe* (London, 1969). Arnold

The militarily neutral Austria could no longer be added to the NATO chain which otherwise would have established an unbroken landlink between the southern and the northern states of NATO. Perhaps it was also a calculated Soviet step to win influence in the third world, on a clear premise that accommodation with the Soviets was possible on the basis of neutrality. The conclusion of the Warsaw Pact, however, left no pretence of the Austrian model ever being repeated inside the Soviet 'satellite' system. Although it was an experimental model for exploring the possibility of further extending 'grayzones' in the east-west confrontation, the main goal of securing a neutral Germany was completely shattered. The inclusion of the Federal Republic of Germany in NATO and of the German Democratic Republic in Warsaw Pact more or less permanently divided the country under two different systems.⁴⁰

Thus 'Neutral Austria' came into being as 'an artificial laboratory product made to a formula inspired by the East and completed with the grudging cooperation of the West.'⁴¹ Austria's cultural, religious and political traditions throughout history contradicted the principles of neutrality even in the limited military sphere. This divergence was clearly reflected in the formal declaration of the law of neutrality and the policy statement explaining its implications. In a 'free' and 'voluntary' declaration of Austria's 'Perpetual neutrality' the Austrian Government undertook to defend it with all possible means at its disposal and pledged 'not to enter into any military alliances nor allow the establishment of any foreign military base on her territory.'⁴² The Wolfers, ed., *Alliance Policy in the Cold War* (Baltimore, 1959). N. Rosenbaum, ed., *Readings in International Political System* (Prentice-Hall, 1970), pp. 173-249.

⁴⁰ *Soviet News*, 22 April 1955, p. 4. Implications of the east-west detente for central Europe are discussed by Alfons Dalma, *The Risks of a Detente Policy to Central Europe*, in Wolfers, ed., *Changing East-West Relations and the Unity of the West* (Baltimore, 1964), pp. 93-124.

⁴¹ Shepherd, n. 3, p. 266.

⁴² 'Bundesverfassungsgesetz vom 26 Oktober 1955 ueber die Neutralitaet Oesterreich', *Bundesgesetzblatt fuer die Republik Oesterreich*, Stueck 57,

following policy statement by Chancellor Raab clarified 'Military neutrality brought with it no obligations for ideological neutrality' and no restrictions 'in the economic and cultural spheres.' 'The neutrality', he further stated, 'binds the State, but not the citizens.' He reaffirmed Austria's desire to be admitted to the United Nations, where 'the principles of her neutrality would be of particular importance.'⁴³ Accordingly, Austria was admitted to the United Nations on 15 December 1955, though this was considered a violation of neutrality by Switzerland which was supposed to be the model for Austria. Recently however, Switzerland is also changing its views in this regard.

The Austrian State Treaty is significant in yet another way as a landmark in Big Power understanding and their disengagement from a potentially explosive spot in international conflict situations, thus setting a stage for the first peace time summit at Geneva in July 1955 after the Second World War. Boulding has pointed out that the 'essence of the drama of conflict is...its resolution' and that essence was extracted from the Austrian conflict situation.⁴⁴ From this point of view the State Treaty was certainly a beginning of the end of cold war in Europe.

The 'nuclearization' of international politics and the resulting change in the Big Power attitudes in seeking some sort of international conciliation led to their disengagement from this area. The emerging pattern of international settlements revealed in the neutralization of Laos and Cambodia suggested guidelines for an Austrian solution as well. Partition of Vietnam, however, served a warning to Austrian statesmen who had been included as equal negotiating partners only since the Berlin Conference of 1954. A

4 November 1955. It is interesting to note that despite persistent expression of Western keenness for Austrian independence and its projections of the Soviet image as the chief obstructionist, it was the United States which withdrew its troops last from Salzburg.

⁴³ Bundesministerium fuer Unterricht, *Dokumente*, n. 38, pp. 110-20.

⁴⁴ Kenneth Boulding, *Conflict and Defence: A General Theory* (New York, 1962), chapter 15, 'Conflict Resolution and Control', pp. 305-28.

change in Soviet 'Weltanschauung' was decisively felt at this time. This was partly due to the Soviet military calculations in the area and partly due to the change in Soviet leadership exerting its growing influence on the decision making centre within the Soviet Union. As to the Western Allies they were forced into cooperation so that their image as peace-makers might not be tarnished.

The role of Austrian negotiators to exploit these contextual factors was equally significant at this point of time. They promptly responded to the Soviet call for bilateral talks, at the same time assured Western Allies that the State Treaty would be signed only with the unanimous consent of all parties concerned. This was a skilful display of Austrian diplomacy in so far as it maintained balanced relations with all the Occupying Powers at a critical moment; indeed a reminder of the age-old traditions of the Metternich era. Had the conflict remained unresolved at this time, there was every possibility of its lingering on till the present day because the continuation of the status quo under the circumstances was least harmful to any of the occupying powers. The success in the Austrian case cannot be measured quantitatively but if we dwell upon the stringency of the limits imposed on the Austrian Government by the crucial political and military choice of the Big Powers, it becomes obvious that Austrian representatives rendered a great service towards the success of the negotiations by advancing proposals appropriate to the international political terrain rather than yielding to the temptation of gaining short-term political advantage.

CONCLUSION

THE EMERGENT PATTERN

IMPLICATIONS OF THE TEST CASE

The re-establishment of an independent and democratic Austria by the provisions of the State Treaty of 15 May 1955 turned a new page in the history of the Austrian Republic and of the world diplomatic practice. The process of conflict resolution successfully applied in the Austrian case reveals a significant pattern in the post Second World War relations among the Big Powers and a successful exploitation of the evolution of their interdependence by Austrian political elite. It marked round one in the beginning of the end of cold war which had precariously engulfed the world from mid-forties to mid-fifties. Of the innumerable techniques employed in the elimination of tension in the world, conference diplomacy or the negotiated settlement of disputes has always been awarded pride of place. Since the earliest times states have been negotiating on international conflict situations with the ultimate objective of maintaining peace and stability in the world state system. Numelin refers to the existence and tactics of 'peace negotiators' in primitive societies to settle disputes about grazing grounds, cattle and other matters of mutual interest.¹ When threatened with war from a neighbouring state, Greeks used to conscript their finest orators to negotiate with the adversary.

¹ Regnar Numelin, *The Beginnings of Diplomacy* (London, 1950), pp. 170-78.

The context in which De Callieres stressed the need of continual negotiations in Europe in the early eighteenth century anticipates its absolute necessity in the modern age on the world arena.² In the nineteenth century, Felice considered the psychological interplay of negotiators as the very heart of diplomacy. Recently Heinrich Wildner subtitled his book on the Technique of Diplomacy as the *Art of Negotiator*.

Till the end of the Second World War, however, nations had the alternative to continue diplomacy by other means by resorting to force. Escalation of conflict to the level of total war was not an unacceptable proposition for decision-makers of militarily powerful states. Today, in the thermonuclear setting of world politics, violent wars—total or limited—are no longer rational solutions. Prolongation of cold war has at a number of places created actual confrontations with credible threats of mobilizing military force. Thus, survival and security needs have forced a more or less permanent march from battle-field to conference table, which calls for still greater planning of strategies and counter-strategies for the attainment of one's goals.

One of the immediate objectives in Big Power search for stability was some sort of 'power management.' In this endeavour they seemed to have found a basis for cooperation for limited gains although they have been at variance in several other fields. The alliance system reinitiated by the Western Allies after the end of the Second World War revealed its paradoxical nature in relation to security needs. It enhanced 'the appeal of a more direct resolution of the problems of mutual security by negotiated accommodation with the Soviet Union intended to mitigate the political sources of strategic difficulties.'³ The technique proposed was disengagement and was focussed mainly on the problem of German reunification. However, due to politico-military

² Monsieur De Callieres, *On the Manner of Negotiating with Princes*, A. F. Whyte, trans. (Paris, 1716, Indiana, 1963).

³ Robert Endicott Osgood, *NATO: The Entangling Alliance* (Chicago, 1962), p. 308.

calculations on the part of the super powers the plans remained impracticable so far as the expanded region of Germany was concerned. Moreover, in Europe none of the Big Powers found it possible to disengage from the areas through which its armies passed during the course of the Second World War without creating some sort of politico-military stronghold. No plans of disengagement through 'arms limitation and control', 'thinning out of forces', and 'freezing of arms' in Central Europe, 'demilitarized area between East and West', 'European middle zone', 'atom free zone', 'denuclearized zone', 'neutral belt from the Baltic to the Adriatic', 'international safety belt', and the like could be agreed upon, although the Powers concerned persistently toyed with these ideas as a means towards political settlement leading to stability and peace in the world state system.⁴ One significant exception to all these efforts was provided by the territory of Austria on which a definite and total 'withdrawal' was staged by the Big Four on the basis of neutralization of the area. The concept of disengagement did succeed though on a very limited field and so far without repeating the Korean performance where disengagement paved the way for stumbling into war. The dictum of power management through neutralization could find its credibility in a localized context. Its wider applicability is a doubtful premise, but as Black and others point out 'its supplementary role in the overall process of managing power in international system' cannot be refuted.⁵

The strenuous and persistent efforts through conference diplomacy yielded a positive solution by an agreement on certain negative actions in the sense that the Big Powers agreed not to use the area for military purposes. This was not due to a sudden emergence of a technique of conflict resolution, but the result of a distinct evolution in the relations between the Big Four, which so

⁴ For the various plans for disengagement see Eugene Hinterhoff, *Disengagement* (London, 1959). H. Gaitskell, 'Disengagement: Why? How?', *Foreign Affairs*, vol. 36, pp. 539-56.

⁵ Black and others, *Neutralization and World Politics* (Princeton, 1968),

makes it a model in itself whose applicability becomes highly restricted. This was the first issue in cold war solved to the best possible satisfaction of the occupying powers at the initiative of the Soviet Union who started a peace offensive at this stage and almost forced the Western Allies into cooperation which otherwise would have tarnished their image as peace constructionists.

The realistic adaptation of communist ideology to their policy objectives and the planning of their bargaining strategies accordingly by the Soviet decision-makers, exercise of tight control over their negotiators, sidetracking major issues and negotiating with 'tie-ins' when not ready for a decision, love for procedural matters, all in general coincide with traditional Soviet pattern of international negotiations. The Anglo-American latitude to their negotiators, their haste in evolving rapid solutions, their tendency to rely on reaching 'agreement in principle' and their dictum of negotiating from positions of strength brought much discredit to them on the propaganda front. France tried to compromise between their extreme positions by focussing the negotiations on concrete issues. A distinct motif was skilfully interwoven by Austrian political elite in this routine behaviour pattern of the Big Four negotiations by way of exploiting their interdependence and expanding multipolar and multidimensional approach, reaching beyond the confines of East versus West formulations in the dynamically changed setting of international relations. The Austrian behaviour pattern based on their doctrine of 'self-determination' and 'abstentionism' gave decisive turn to the system of negotiations leading to a successful resolution of the conflict.⁶ Being a 'liberated' country, it was deprived of any direct influence on the course of negotiations till the Berlin Conference of 1954. In spite of this significant disadvantage, its role remained one of

⁶ The concept of 'self-determination' is used in this context to denote the resolve of the Austrian people to have sovereign control over their destiny devoid of any foreign pressures; similarly by 'abstentionism' is denoted the Austrian attitude to keep themselves aloof of the Big Power entanglements, and their intentions to bring Austria under their own politico-military fold.

persistently although indirectly and slowly, so proceeding as to turn the tide in its favour and thus contributing towards the restoration of Austria's undivided entity.

In the precariously peculiar formulation of Austria's liberated identity after the Second World War its initial experience was one of frustration. Nonetheless, in the presence of Four Power occupation surprisingly enough, a united common government emerged in Austria in early 1945. This called for troops withdrawal of the Big Four. The Austrian objective was, however, obstructed as, the Big Four tried to settle down on this small territory due to their politico-military calculations in the entire region. Austrian political elite, therefore, through the process of selection and emphasis shaped the 'overriding value goals of the body politic' into an ideology and national identity bringing it into conformity with the political, economic, military, moral and social needs of the time. A 'positive self-image' was cautiously projected to brush aside the 'ego-damage' which Austrians experienced for being denounced for participating in the war on the side of Nazi Germany.⁷ Emergence of a common coalition government lent support to the need of unity within. Striking differences among the parties were persistently kept aside so long as the 'outsiders' were present on the territory. As a result all communist efforts to grasp power failed in Austria despite unstable economic situation and effective Soviet occupation in a part of the country. Thus it was the 'concentrated coalition' maintained by the political elite at the governmental level that found an echo in the national behaviour.

No opportunity was missed in bringing home the absolute need for unity in a nation which finds itself in a situation like Austria. The greetings conveyed by the men in power to the people on every New Year, Easter or Christmas, their messages on the anniversaries of the Moscow Declaration or of the establish-

⁷ S. K. Arora and H. D. Lasswell, *Political Communications : The Public Language of the Political Elites in India and the United States* (New York, 1969).

ment of the UN and their policy statements on specific treaty questions hammered home the theme persuasively. The united internal position of Austria gave it a position of strength vis-a-vis the occupying powers, a distinctive feature peculiar to Austrian situation alone and was one of the weaknesses which led to Germany's vulnerable position. Later this very element of internal disruptions led to more or less permanent partitions of Vietnam and Korea.

Simultaneously, it was impressed time and again on the occupying powers that Austria could best manage her house if left to itself. Its insistence that the Big Four should negotiate 'with' Austria and not 'on' Austria was the most significant articulation of their unflagging demand for self-determination. At the same time there was constant resistance to the process of Big Powers 'dealing with Europe while negotiating on Austria.'

The re-establishment of an economically viable Austria was given utmost importance in the 'public language' of the political elite since the very start, because the precarious economic position of the state very often led to its political demise. In face of the threat of losing a significant portion of property by way of Soviet claims to German External Assets in Austria, no efforts were spared to stress that all Austrian property should be placed at the disposal of the Austrian Government. The successful resistance to the Soviet bid for an Austro-Soviet company and the passage of nationalization law were bold attempts of the Austrian Government to preserve their right to have complete control over their economy.

No sooner did the leaders get an inkling of the possibility of restoring sovereignty on the basis of neutralization, than they vehemently started emphasizing it. In an attempt to impress on the occupying powers that no 'stiling politics' would be followed in future, the Austrian Government tried to maintain balanced relations with all the occupying Powers. This process was at its height during the Austro-Soviet bilateral talks at Moscow in April 1955. The Western suspicions about Austrians leaning towards

Moscow were effectively controlled at this time by way of constant contacts and exhaustive briefing to the Western Ambassadors at Moscow about the parleys at the bilateral negotiations. The climax was reached when Austria, on the basis of the United States support, demanded that neutralization should be a self-declared policy goal of Austrian Government and it was consented to.

Another characteristic feature of the Austrian behaviour pattern was its unfailing effort to keep the Austrian dialogue *continuous*. Whenever the *Big Four* relapsed into a mood of quietness, Austria took the initiative in pursuing them to resume the process of negotiations by sending notes and issuing appeals. Austrian statesmen undertook extensive tours to explain their major policy objectives, and to induce the *Big Four* to concentrate on these. In the event of complete severance of the Four Power contact on the Austrian question, Austria turned to the United Nations and requested India to use her good offices with Moscow to bring it to the conference table. When all these efforts seemed to yield *no immediate results*, Austria tried to get at least a reduction of occupation burdens by way of partial troops withdrawal.

The policy of 'abstentionism' was a logical corollary of all these efforts. Internal unity was maintained not so much by the forces of unity within as by the process of abstaining themselves from being divided. In a way it was an attempt at preventing the political erosion of their position which would have been an inevitable process. It was quite surprising that the Communist Party of Austria could *not make any headway even in the Soviet Occupation Zone*, despite the decade long military presence of the Soviet Union. This may no doubt be accounted for by the attitude of abstentionism developed by the people over a period of time which helped them in abstaining from the Soviet Imperium on the one hand and the Western Alliance politics on the other.

The traditional Soviet policy of Imperium on the territories of Central Europe was an inheritance from Czarist Russia and a realist political need. Despite the Soviet Power and its actual

military presence in Austria, Austrians evaded all the techniques for the extension of this policy on its territory. She received decisive Western support in this effort. Initially the Soviet policy of economic integration through a proposal for an Austro-Soviet company was foiled by Austrian Government with the object of escaping that Imperium. The dissociation of the Socialist Party of Austria from the general strikes of 1950 at a critical stage was another significant case in instance. Ultimately acceptance of heavy economic burdens in lieu of 'German external assets' was also a step to avoid that Imperium.

On the other hand, Austria abstained from being entangled in the Western Alliance system in Europe. She cautiously shaped her attitude towards the Western military pact coming on the heels of Truman Doctrine to contain communism. Marshall Aid was the earlier instrument of this policy and Austria did reap immense advantages from that economic aid. It was visualized by cautious observers that Western policy of integration of 'West German Trizonia' in NATO may find its further expansion in Austria as well. Inclusion of 'Austrian Trizonia' would have been a helping hand to this military pact as it would have established a continuous land-link between the northern and the southern flanks of NATO. Loss of an independent sovereign identity even within such 'Austrian Trizonia' would have been a logical corollary. Austrian statesmen, therefore, left no stone unturned to impress on the occupying powers that it would not join the Western Military Alliance. Moreover, it also seemed in the interest of the Big Powers themselves to avoid any such eventuality because Austrian territory was the only ground left in Europe which could have been used for trial steps in international conciliation. Consequently, this gave an added support to the Austrian policy of abstentionism.

Thus, Austria regained her sovereign democratic existence through a hard and arduous process of negotiation spread over a decade after the Second World War. Besides being an example of the possibility of East-West accord, it offered grounds for hope

that other intractable international problems could also be resolved through sustained multilateral negotiations, rather than by military means. Though the results did not satisfy all the main objectives of all, or some of the parties, they did provide a basis for agreement on terms acceptable to all.

The stability of Austrian solution can fairly be accepted after a decade and a half of its continued existence in which it withstood the thunders of Hungarian revolt of 1956 and later of the Czechoslovak incident of 1968—both her neighbouring states under a different politico-economic system. Nonetheless, continued survival of permanent neutrality of Austria depends to a considerable extent on the willingness of the Big Powers concerned to respect that neutrality. This is particularly true until such time as Austria has the power to militarily defend any violation of its neutrality. This was clearly evident when the US planes violated Austrian airspace in the southwest during the Lebanese crisis and a similar violation was reported of the Austrian northeast air space by the Soviet planes during the Czechoslovak crisis. The response could only be Austrian protest notes to the powers concerned.

The State Treaty does not impose any obligations of neutrality on Austria, nor is there any specific guarantee by the Big Four in this regard except for the fact that the neutrality law passed by the Austrian Parliament has been recognized by the Big Four and by the other states with whom Austria maintains diplomatic contacts. Austrian membership of the United Nations can be said to have extended it a sort of latent understanding to respect its neutrality. And yet much depends on the Big Powers' desire and their fitting actions to keep the area neutralized. Legally speaking, Austria was not specifically neutralized, but the entire process which led them to adopt the status of Permanent Neutrality has definite indications of the phenomenon of 'neutralization.' Nonetheless, it cannot be refuted that the pattern of Austrian case and a definite degree of its stability has its own characteristic features which would very much restrict its applicability as a model for other areas demanding conflict resolution.

The case of Laos clearly reveals the contrast. Thirteen big and small powers gave an international guarantee to Laotian neutrality and established an International Control Commission to enforce it.⁸ And despite this specific guarantee and a formal enforcement machinery, the neighbouring states almost immediately started violating Laotian neutrality. Even in the absence of these formalities Austrian neutrality has proved itself much more stable. The contrast of the Laotian canvas is also evident in the lack of its internal development, proper communication between political elite and masses, and unified leadership, the factors which were at the disposal of the Austrian state despite its division into occupation zones and its burdens.

Austrian success is, thus, a combination of a horizontal movement to bring together the Four Powers, erstwhile Allies but now divided into opposing camps, and a vertical mobilization of Austrian resources around the new nationalism of Austrians whose scope for political action was severely limited by the restraints imposed by the Soviet and the United States confrontation in Europe in the post-war period.

Austrians demonstrated a capability of absorbing pressures which in other conflict situations decreased the level of political participation by the political society over which the Big Powers were in dispute. In the Austrian case efforts were made to avoid political passivity and in effect this represented a planned deployment of Austrian diplomatic resources to reduce the susceptibility of Big Power negotiations to degenerate into interventionism.

⁸ 'Declaration on the Neutrality of Laos, Geneva, 23 July 1962, *United Nations Treaty Series*, no. 6564, vol. 456, pp. 301-5.

APPENDICES

APPENDIX ONE

STATE TREATY¹ FOR THE RE-ESTABLISHMENT OF AN INDEPENDENT AND DEMOCRATIC AUSTRIA, SIGNED AT VIENNA, ON 15 MAY 1955

PREAMBLE

The Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America, and France, hereinafter referred to as 'the Allied and Associated Powers', of the one part and Austria, of the other part ;

Whereas on 13th March, 1938, Hitlerite Germany annexed Austria by force and incorporated its territory in the German Reich ;

Whereas in the *Moscow Declaration* published on 1st November, 1943, the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America declared that they regarded the annexation of Austria by Germany on 13th March, 1938, as null and void and affirmed their wish to see Austria re-established as a free and independent State, and the French Committee of National Liberation made a similar declaration on 16th November 1943 ;

¹ U.N. Treaty Series, vol. 217, pp. 225 to 293.

Came into force on 27 July 1955, upon deposit with the Government of the Union of Soviet Socialist Republics of instruments of ratification by the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America, France and Austria, in accordance with article 38.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

Whereas as a result of the Allied victory Austria was liberated from the domination of Hitlerite Germany ;

Whereas the Allied and Associated Powers and Austria, taking into account the importance of the efforts which the Austrian people themselves have made and will have to continue to make for the restoration and democratic reconstruction of their country, desire to conclude a treaty re-establishing Austria as a free, independent and democratic State, thus contributing to the restoration of peace in Europe ;

Whereas the Allied and Associated Powers desire by means of the present Treaty to settle in accordance with the principles of justice all questions which are still outstanding in connection with the events referred to above, including the annexation of Austria by Hitlerite Germany and participation of Austria in the war as an integral part of Germany ; and

Whereas the Allied and Associated Powers and Austria are desirous for these purposes of concluding the present Treaty to serve as the basis of friendly relations between them, thereby enabling the Allied and Associated Powers to support Austria's application for admission to the United Nations Organization ;

Have therefore appointed the undersigned Plenipotentiaries who, after presentation of their full powers, found in good and due form, have agreed on the following provisions :

PART I

POLITICAL AND TERRITORIAL CLAUSES

Article 1

RE-ESTABLISHMENT OF AUSTRIA AS A FREE AND INDEPENDENT STATE

The Allied and Associated Powers recognize that Austria is re-established as a sovereign, independent and democratic State.

Article 2

MAINTENANCE OF AUSTRIA'S INDEPENDENCE

The Allied and Associated Powers declare that they will respect the independence and territorial integrity of Austria as established under the present Treaty.

APPENDIX ONE

Article 3

RECOGNITION BY GERMANY OF AUSTRIAN INDEPENDENCE

The Allied and Associated Powers will incorporate in the German Peace Treaty provisions for securing from Germany the recognition of Austria's sovereignty and independence and the renunciation by Germany of all territorial and political claims in respect of Austria and Austrian territory.

Article 4

PROHIBITION OF ANSCHLUSS

1. The Allied and Associated Powers declare that Political or economic union between Austria and Germany is prohibited. Austria fully recognizes its responsibilities in this matter and shall not enter into political or economic union with Germany in any form whatsoever.

2. In order to prevent such union Austria shall not conclude any agreement with Germany, nor do any act, nor take any measures likely, directly or indirectly, to promote political or economic union with Germany, or to impair its territorial integrity or political or economic independence. Austria further undertakes to prevent within its territory any act likely, directly or indirectly, to promote such union and shall prevent the existence, resurgence and activities of any organizations having as their aim political or economic union with Germany, and pan-German propaganda in favour of union with Germany.

Article 5

FRONTIERS OF AUSTRIA

The frontiers of Austria shall be those existing on 1st January, 1938.

Article 6

HUMAN RIGHTS

1. Austria shall take all measures necessary to secure to all persons under Austrian jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of

the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

2. Austria further undertakes that the laws in force in Austria shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Austrian nationality on the ground of their race, sex, language or religion, whether in reference to their person, property, business, professional or financial interests, status, political or civil rights or any other matter.

Article 7

RIGHTS OF THE SLOVENE AND CROAT MINORITIES

1. Austrian nationals of the Slovene and Croat minorities in Carinthia, Burgenland and Styria shall enjoy the same rights on equal terms as all other Austrian nationals, including the right to their own organizations, meeting and press in their own language.

2. They are entitled to elementary instruction in the Slovene or Croat language and to a proportional number of their own secondary schools; in this connection school curricula shall be reviewed and a section of the Inspectorate of Education shall be established for Slovene and Croat schools.

3. In the administrative and judicial districts of Carinthia, Burgenland and Styria, where there are Slovene, Croat or mixed populations, the Slovene or Croat language shall be accepted as an official language in addition to German. In such districts topographical terminology and inscriptions shall be in the Slovene or Croat language as well as in German.

4. Austrian nationals of the Slovene and Croat minorities in Carinthia, Burgenland and Styria shall participate in the cultural, administrative and judicial systems in these territories on equal terms with other Austrian nationals.

5. The activity of organizations whose aim is to deprive the Croat or Slovene population of their minority character or rights shall be prohibited.

Article 8

DEMOCRATIC INSTITUTIONS

Austria shall have a democratic government based on elections by secret ballot and shall guarantee to all citizens free, equal and universal suffrage as well as the right to be elected to public office without discrimination as to race, sex, language, religion or political opinion.

Article 9

DISSOLUTION OF NAZI ORGANIZATIONS

1. Austria shall complete the measures, already begun by the enactment of appropriate legislation approved by the Allied Commission for Austria, to destroy the National Socialist Party and its affiliated and supervised organizations, including political, military and para-military organizations, on Austrian territory. Austria shall also continue the efforts to eliminate from Austrian political, economic and cultural life all traces of Nazism, to ensure that the above-mentioned organizations are not revived in any form, and to prevent all Nazi and militarist activity and propaganda in Austria.

2. Austria undertakes to dissolve all Fascist-type organizations existing on its territory, political, military and para-military, and likewise any other organizations carrying on activities hostile to any United Nation or which intend to deprive the people of their democratic rights.

Austria undertakes not to permit, under threat of penal punishment which shall be immediately determined in accordance with procedures established by Austrian Law, the existence and the activity on Austrian territory of the above-mentioned organizations.

Article 10

SPECIAL CLAUSES IN LEGISLATION

1. Austria undertakes to maintain and continue to implement the principles contained in the laws and legal measures adopted by the Austrian Government and Parliament since 1st May, 1945,

the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

2. Austria further undertakes that the laws in force in Austria shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Austrian nationality on the ground of their race, sex, language or religion, whether in reference to their person, property, business, professional or financial interests, status, political or civil rights or any other matter.

Article 7

RIGHTS OF THE SLOVENE AND CROAT MINORITIES

1. Austrian nationals of the Slovene and Croat minorities in Carinthia, Burgenland and Styria shall enjoy the same rights on equal terms as all other Austrian nationals, including the right to their own organizations, meeting and press in their own language.

2. They are entitled to elementary instruction in the Slovene or Croat language and to a proportional number of their own secondary schools; in this connection school curricula shall be reviewed and a section of the Inspectorate of Education shall be established for Slovene and Croat schools.

3. In the administrative and judicial districts of Carinthia, Burgenland and Styria, where there are Slovene, Croat or mixed populations, the Slovene or Croat language shall be accepted as an official language in addition to German. In such districts topographical terminology and inscriptions shall be in the Slovene or Croat language as well as in German.

4. Austrian nationals of the Slovene and Croat minorities in Carinthia, Burgenland and Styria shall participate in the cultural, administrative and judicial systems in these territories on equal terms with other Austrian nationals.

5. The activity of organizations whose aim is to deprive the Croat or Slovene population of their minority character or rights shall be prohibited.

time before 13th March 1938 ;

3. Austrian nationals who served in the rank of Colonel or in any higher rank in the German Armed Forces during the period from 13th March, 1938 to 8th May, 1945 ;

4. With the exception of any person who shall have been exonerated by the appropriate body in accordance with Austrian Law, Austrian nationals falling within any of the following categories :

(a) Persons who at any time belonged to the National Socialist Party (N. S. D. A. P.) or the S. S., S. A. or S. D. organizations ; the Secret State Police (Gestapo) ; or the National Socialist Soldiers' Association (N. S. Soldatenring) ; or the National Socialist Officers' Association (N. S. Offiziersvereinigung).

(b) Officers in the National Socialist Fliers' Corps (N. S. F. K.) or the National Socialist Motor Corps (N. S. K. K.) of rank not lower than 'Untersturmfuehrer' or its equivalent ;

(c) Functionaries in any supervised or affiliated organizations of the N. S. D. A. P. of rank not lower than that equivalent to 'Orts gruppenleiter' ;

(d) Authors of printed works or scenarios placed by the competent commissions set up by the Government of Austria in the category of prohibited works because of their Nazi character ;

(e) Leaders of industrial, commercial and financial undertakings who according to the official and authenticated reports of existing industrial, commercial and financial associations, trade unions and party organizations are found by the competent commission to have cooperated actively in the achievement of the aims of N.S.D.A.P. or of any of its affiliated organizations, supported the principles of National Socialism or financed or spread propaganda for National Socialist organizations or their activities, and by any of the foregoing to have damaged the independent and democratic Austria.

Article 13

PROHIBITION OF SPECIAL WEAPONS

1. Austria shall not possess, construct or experiment with :

and approved by the Allied Commission for Austria, aimed at liquidation of the remnants of the Nazi regime and at the re-establishment of the democratic system, and to complete the legislative and administrative measures already taken or begun since 1st May, 1945, to codify and give effect to the principles set out in Articles 6, 8 and 9 of the present Treaty, and insofar as she has not yet done so to repeal or amend all legislative and administrative measures adopted between 5th March, 1933, and 30th April, 1945, which conflict with the principles set forth in Articles 6, 8 and 9.

Article 11

RECOGNITION OF PEACE TREATIES

Austria undertakes to recognise the full force of the Treaties of Peace with Italy,¹ Rumania,² Bulgaria,³ Hungary,⁴ and Finland⁵ and other agreements or arrangements which have been or will be reached by the Allied and Associated Powers in respect of Germany and Japan⁶ for the restoration of peace.

PART II

MILITARY AND AIR CLAUSES

Article 12

PROHIBITION OF SERVICE IN THE AUSTRIAN ARMED FORCES OF FORMER MEMBERS OF NAZI ORGANIZATIONS, AND CERTAIN OTHER CATEGORIES OF PERSONS

The following shall in no case be permitted to serve in the Austrian Armed Forces :

1. Persons not of Austrian nationality ;
2. Austrian nationals who had been German nationals at any

¹ United Nations, Treaty Series, vols. 49 and 50.

² United Nations, Treaty Series, vol. 42, p. 3.

³ United Nations, Treaty Series, vol. 41 p. 21.

⁴ United Nations, Treaty Series, vol. 41, p. 135.

⁵ United Nations, Treaty Series, vol. 48, p. 203.

⁶ United Nations, Treaty Series, vol. 136, p. 45; vol. 163, p. 385; vol. 184, p. 358 and vol. 199, p. 344.

time before 13th March 1938 ;

3. Austrian nationals who served in the rank of Colonel or in any higher rank in the German Armed Forces during the period from 13th March, 1938 to 8th May, 1945 ;

4. With the exception of any person who shall have been exonerated by the appropriate body in accordance with Austrian Law, Austrian nationals falling within any of the following categories :

(a) Persons who at any time belonged to the National Socialist Party (N. S. D. A. P.) or the S. S., S. A. or S. D. organizations ; the Secret State Police (Gestapo) ; or the National Socialist Soldiers' Association (N. S. Soldatenring) ; or the National Socialist Officers' Association (N. S. Offiziersvereinigung).

(b) Officers in the National Socialist Fliers' Corps (N. S. F. K.) or the National Socialist Motor Corps (N. S. K. K.) of rank not lower than 'Untersturmfuehrer' or its equivalent ;

(c) Functionaries in any supervised or affiliated organizations of the N. S. D. A. P. of rank not lower than that equivalent to 'Orts gruppenleiter' ;

(d) Authors of printed works or scenarios placed by the competent commissions set up by the Government of Austria in the category of prohibited works because of their Nazi character ;

(e) Leaders of industrial, commercial and financial undertakings who according to the official and authenticated reports of existing industrial, commercial and financial associations, trade unions and party organizations are found by the competent commission to have cooperated actively in the achievement of the aims of N.S.D.A.P. or of any of its affiliated organizations, supported the principles of National Socialism or financed or spread propaganda for National Socialist organizations or their activities, and by any of the foregoing to have damaged the independent and democratic Austria.

Article 13

PROHIBITION OF SPECIAL WEAPONS

1. Austria shall not possess, construct or experiment with :

(a) any atomic weapon, (b) any other major weapon adaptable now or in the future to mass destruction and defined as such by the appropriate organ of the United Nations, (c) any self-propelled or guided missile or torpedoes, or apparatus connected with their discharge or control, (d) sea mines, (e) torpedoes capable of being manned, (f) submarines or other submersible craft, (g) motor torpedo boats, (h) specialized types of assault craft, (i) guns with a range of more than 30 kilometers, (j) asphyxiating, vesicant or poisonous materials or biological substances in quantities greater than, or of types other than are required for legitimate civil purposes, or any apparatus designed to produce, project or spread such materials or substances for war purposes.

2. The Allied and Associated Powers reserve the right to add to this Article prohibitions of any weapons which may be evolved as a result of scientific development.

Article 14

DISPOSAL OF WAR MATERIAL OF ALLIED AND GERMAN ORIGIN

1. All war materiel of Allied origin in Austria shall be placed at the disposal of the Allied or Associated Power concerned according to the instructions given by that Power.

Austria shall renounce all rights to the above-mentioned war materiel.

2. Within one year from the coming into force of the present Treaty, Austria shall render unusable for any military purpose or destroy ;

All excess war materiel of German or other non-Allied origin ; in so far as they relate to modern war materiel, all German and Japanese drawings, including existing blueprints, prototypes, experimental models and plans ;

All war materiel prohibited by Article 13 of the present Treaty ; all specialized installations, including research and production equipment, prohibited by Article 13 which are not convertible for authorized research, development or construction.

3. Within six months from the coming into force of the present Treaty, Austria shall provide the Governments of the Soviet Union, of the United Kingdom, of the United States of America,

and of France with a list of the war materiel and installations enumerated in paragraph 2.

4. Austria shall not manufacture any war materiel of German design.

Austria shall not acquire or possess, either publicly or privately or by any other means, any war materiel of German manufacture, origin or design except that the Austrian Government may utilize for the creation of the Austrian armed forces, restricted quantities of war materiel of German manufacture, origin or design remaining in Austria after the Second World War.

5. A definition and list of war materiel for the purposes of the present Treaty are contained in Annex I.

Article 15

PREVENTION OF GERMAN REARMAMENT

1. Austria shall cooperate fully with the Allied and Associated Powers in order to ensure that Germany is unable to take steps outside German territory towards rearmament.

2. Austria shall not employ or train in military or civil aviation or in the experimentation, design, production or maintenance of war materiel, persons who are, or were at any time previous to 13th March, 1938, nationals of Germany; or Austrian nationals precluded from serving in the Armed Forces under Article 12, or persons who are not Austrian nationals.

Article 16

PROHIBITION RELATING TO CIVIL AIRCRAFT OF GERMAN AND JAPANESE DESIGN

Austria shall not acquire or manufacture civil aircraft which are of German or Japanese design or which embody major assemblies of German or Japanese manufacture or design.

Article 17

DURATION OF LIMITATIONS

Each of the military and air clauses of the present Treaty shall remain in force until modified in whole or in part by agreement between the Allied and Associated Powers and Austria or, after

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

Austria becomes a member of the United Nations, by agreement between the Security Council and Austria.

Article 18

PRISONERS OF WAR

1. Austrians who are now prisoners of war shall be repatriated as soon as possible, in accordance with arrangements to be agreed upon by the individual Powers detaining them and Austria.

2. All costs, including maintenance costs, incurred in moving Austrians who are now prisoners of war from their respective assembly points, as chosen by the Government of the Allied or Associated Power concerned, to the point of their entry into Austrian territory, shall be borne by the Government of Austria.

Article 19

WAR GRAVES AND MEMORIALS

1. Austria undertakes to respect, preserve and maintain the graves on Austrian territory of the soldiers, prisoners of war and nationals forcibly brought to Austria of the Allied Powers as well as of the other United Nations which were at war with Germany, the memorials and emblems on these graves, and the memorials to the military glory of the armies which fought on Austrian territory against Hitlerite Germany.

2. The Government of Austria shall recognize any commission, delegation or other organization authorized by the State concerned to identify, list, maintain or regulate the graves and edifices referred to in paragraph 1; shall facilitate the work of such organizations; and shall conclude in respect of the above-mentioned graves and edifices such agreements as may prove necessary with the State concerned or with any commission or delegation or other organization authorized by it. It likewise agrees to render, in conformity with reasonable sanitary requirements, every facility for the disinterment and despatch to their own country of the remains buried in the said graves, whether at the request of the relatives of the persons interred.

PART III

WITHDRAWAL OF ALLIED FORCES

Article 20

1. The Agreement on the Machinery of Control in Austria of 28th June, 1946^a shall terminate on the coming into force of the present Treaty.

2. On the coming into force of the present Treaty, the Inter-Allied Command established under paragraph 4 of the Agreement on Zones of Occupation in Austria and the Administration of the City of Vienna of 9th July, 1945,^b shall cease to exercise any functions with respect to the administration of the City of Vienna. The Agreement on Zones of Occupation of Austria shall terminate upon completion of the withdrawal from Austria of the forces of the Allied and Associated Powers in accordance with paragraph 3 of the present Article.

3. The forces of the Allied and Associated Powers and members of the Allied Commission for Austria shall be withdrawn from Austria within ninety days from the coming into force of the present Treaty, and in so far as possible not later than 31st December, 1955.

4. The Government of Austria shall accord to the forces of the Allied and Associated Powers and the members of the Allied Commission for Austria pending their withdrawal from Austria the same rights, immunities and facilities as they enjoyed immediately before the coming into force of the present Treaty.

5. The Allied and Associated Powers undertake to return to the Government of Austria after the coming into force of the present Treaty and within the period specified in paragraph 3 of this Article :

(a) All currency which was made available free of cost to the Allied and Associated Powers for the purpose of the occupation and which remains unexpended at the time of completion of withdrawal of the Allied forces ;

^a United Nations, Treaty Series, Vol. 138, p. 85.

^b United Nations, Treaty Series, Vol. 160, p. 359.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

(b) All Austrian property requisitioned by Allied forces or the Allied Commission, and which is still in their possession. The obligation under this sub-paragraph shall be applied without prejudice of the provisions of Article 22 of the present Treaty.

PART IV

CLAIMS ARISING OUT OF THE WAR

Article 21

REPARATION

No reparation shall be exacted from Austria arising out of the existence of a state of war in Europe after 1st September, 1939.

Article 22

GERMAN ASSETS IN AUSTRIA

The Soviet Union, the United Kingdom, the United States of America and France have the right to dispose of all German assets in Austria in accordance with the Protocol of the Berlin Conference of 2nd August 1945.

1. The Soviet Union shall receive for a period of validity of thirty years concessions to oil fields equivalent to 60% of the extraction of oil in Austria for 1947, as well as property rights to all buildings, constructions, equipment, and other property belonging to these oil fields. in accordance with list No. 1¹⁰ and map No. 1 annexed to the Treaty.

2. The Soviet Union shall receive concessions to 60% of all exploration areas located in Eastern Austria that are German assets to which the Soviet Union is entitled in conformity with the Potsdam Agreement and which are in its possession at the present time, in accordance with list No. 2¹¹ and map No. 2 annexed to the Treaty.

The Soviet Union shall have the right to carry out explorations on the exploration areas mentioned in the present paragraph for 8

¹⁰ Supra p. 164 of this volume.

¹¹ Supra pp. 165-66 of this volume.

years and to subsequent extraction of oil for a period of 25 years beginning from the moment of the discovery of oil.

3. The Soviet Union shall receive oil refineries having a total annual production capacity of 420,000 tons of crude oil, in accordance with list No. 3.¹²

4. The Soviet Union shall receive those undertakings concerned in the distribution of oil products which are at its disposal, in accordance with list No. 4.¹³

5. The Soviet Union shall receive the assets of the Danube Shipping Company (D. D. S. G.) located in Hungary, Rumania and Bulgaria; and, likewise, in accordance with list No. 5,¹⁴ 100% of the assets of the Danube Shipping Company located in Eastern Austria.

6. The Soviet Union shall transfer to Austria property, rights and interests held or claimed as German assets, together with existing equipment, and shall also transfer war industrial enterprises, together with existing equipment, houses and similar immovable property, including plots of land, located in Austria and held or claimed as war booty with the exception of the assets mentioned in paragraph 1, 2, 3, 4 and 5 of the present Article. Austria for its part undertakes to pay the Soviet Union 150,000,000 United States dollars in freely convertible currency within a period of 6 years.

The said sum will be paid by Austria to the Soviet Union in equal three monthly installments of 6,250,000 United States dollars in freely convertible currency. The first payment will be made on the first day of the second month following the month of the entry into force of the present Treaty. Subsequent three-monthly payments will be made on the first day of the appropriate month. The last three-monthly payment will be made on the last day of the six year period after the entry into force of this Treaty.

The basis for payments provided for in this Article will be the United States dollar at its gold parity on 1st September, 1949 that is, 35 dollars for 1 ounce of gold.

¹² See p. 167 of this volume.

¹³ See p. 168-69 of this volume.

¹⁴ See p. 169-74 of this volume.

As security for the punctual payment of this above mentioned sums due to the Soviet Union, the Austrian National Bank shall issue to the State Bank of the U. S. S. R. within two weeks of the coming into force of the present Treaty promissory notes to the total sum of 150,000,000 United States dollars to become payable on the dates provided for in the present Article.

The promissory notes to be issued by Austria will be non-interest-bearing. The State Bank of the U. S. S. R. does not intend to discount these notes provided that the Austrian Government and the Austrian National Bank carry out their obligations punctually and exactly.

7. Legal Position of Assets :

(a) All former German assets which have become the property of the Soviet Union in accordance with paragraphs 1, 2, 3, 4 and 5 of the present Article shall, as the general rule, remain under Austrian jurisdiction and, in conformity with this, Austrian legislation shall apply to them.

(b) Where duties and charges, commercial and industrial rights and the levying of taxation are concerned, these assets shall be subject to conditions not less favourable than those which apply or will apply to undertakings belonging to Austria and its nationals and also to other states and persons who are accorded most-favoured-nation treatment.

(c) All former German assets which have become the property of the Soviet Union shall not be subject to exportation without the consent of the Soviet Union.

(d) Austria will not raise any difficulties in regard to the export of profits or other income (i.e. rents) in the form of output or of any freely convertible currency received.

(e) The rights, properties and interests transferred to the Soviet Union as well as the rights, properties and interests which the Soviet Union relinquishes to Austria shall be transferred without any charges or claims on the part of the Soviet Union or on the part of Austria. Under the words 'Charges and Claims' is understood not only creditor claims arising out of the exercise of allied control of these properties, rights and interests after 8th May, 1945, but also all other claims including claims in respect of

taxes. The reciprocal waiver by the Soviet Union and Austria of charges and claims applies to all such charges and claims applies to all such changes and claims as exist on the date when Austria formalizes the rights of the Soviet Union to the former German assets transferred to it and on the date of the actual transfer to Austria of the assets relinquished by the Soviet Union.

8. The transfer to Austria of all properties, rights and interests provided for in paragraph 6 of the present Article, and also the formalizing by Austria of the rights of the Soviet Union to the former German assets to be transferred shall be effected within two months from the date of the entry into force of the present Treaty.

9. The Soviet Union shall likewise own the rights, property and interests in respect of all assets, wherever they may be situated in Eastern Austria, created by Soviet organizations or acquired by them by purchase after 8th May, 1945 for the operation of the properties enumerated in Lists 1, 2, 3, 4 and 5 below.

The provisions as set forth in sub-paragraph a, b, c and d of paragraph 7 of the present Article shall correspondingly apply to these assets.

10. Disputes which may arise in connection with the application of the provisions of the present Article shall be settled by means of bilateral negotiations between the interested parties.

In the event of failure to reach agreement by bilateral negotiations between the Governments of the Soviet Union and of Austria within three months, disputes shall be referred for settlement to an Arbitration Commission consisting of one representative of the Soviet Union and one representative of Austria with the addition of a third member, a national of a third country selected by mutual agreement between the two Governments.

11. The United Kingdom, the United States of America and France hereby transfer to Austria all property, rights and interests held or claimed by or on behalf of any of them in Austria as former German assets or war booty.

Property, rights and interests transferred to Austria under this paragraph shall pass free from any charges or claims on the part of the United Kingdom, the United States of America or France

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

arising out of the exercise of their control of these properties, rights or interests after 8th May, 1945.

12. After fulfilment by Austria of all obligations stipulated in the provisions of the present Article or derived from such provisions the claims of the Allied and Associated Powers with respect to former German assets in Austria, based on the Decision of the Berlin Conference of 2nd August 1945 shall be considered as fully satisfied.

13. Austria undertakes that, except in the case of educational, cultural, charitable and religious property none of the properties, rights and interests transferred to it as former German assets shall be returned to ownership of German juridical persons or where the value of the property, rights and interests exceeds 260,000 shillings, to the ownership of German natural persons. Austria further undertakes not to pass to foreign ownership those rights and properties indicated in Lists 1 and 2 of this Article which will be transferred to Austria by the Soviet Union in accordance with the Austro-Soviet Memorandum of April 15, 1955.

14. The provisions of this Article shall be subject to the terms of Annex. II¹⁵ of this Treaty.

LIST No. 1

OIL FIELDS IN EASTERN AUSTRIA ON WHICH CONCESSIONS SHALL BE GRANTED TO THE SOVIET UNION

Serial No.	Name of the Oil Field	Name of the Company
1.	Muehlberg	Itag
2.	St. Ulrich-DEA	D.E.A.
3.	St. Ulrich-Niederdonau	Niederdonau
4.	Goesting-Kreutzfeld-Pionier (50% of Production)	E.P.G.

Note: A. All properties of the oil fields listed above shall be transferred to the Soviet Union, including all wells, both productive and non-productive, with all their surface and underground equipment, oil collecting networks, installations and equipment for

¹⁵ See p. 191 of this volume

drilling, compressor and pumping stations, mechanical workshops, gasoline installations, steam-generating plants, electric generating plants and sub-stations with transmission networks, pipe lines, water supply systems and water mains, electric networks, steam lines, gas mains, oil field roads, approach roads, telephone lines, fire fighting equipment, motor vehicle and tractor parks, office and living accommodation serving the fields, and other property connected with the exploitation of the oil fields listed above.

B. The right of ownership and leaseholds rights to all the *properties of the above-mentioned producing fields* shall be transferred to the Soviet Union to the extent that any natural or juridical person who owned these fields, exploited them or participated in their exploitation, had rights in, title to, or interest in the said properties.

In cases where any property was held on lease, the periods of the leases, as provided for in the lease agreements, shall be calculated from the date of the entry into force of the present Treaty, and the lease agreements cannot be terminated without the consent of the Soviet Union.

LIST No. 2

CONCESSIONS TO OIL EXPLORATION AREAS IN EASTERN
AUSTRIA TO BE TRANSFERRED TO THE
SOVIET UNION

Serial No.	Name of Area	Name of Company	Hectarage of the area to be ceded to the U.S.S.R.
1.	Neusiedlersee	Elverat	122,480
2.	Leithagebirge	Kohle Oel Union	52,700
3.	Gross Enzersdorf (including the Aderklaa field)	Niederdonau	175,000
4.	Hauskirchen (including the Lichtenwarth field)	Itag	4,800
5.	St. Ulrich	D.E.A.	740
6.	Schrattenberg	Kohle Oel Union	3,940
7.	Grosskrut	Wintershal	8,000
8.	Mistelbach	Preussag	6,400
9.	Passdorf (50% of the area)	E.P.G.	3,650
10.	Steinberg	Steinberg Naphta	100

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

Serial No.	Name of Area	Name of Company	Hectarage of the area to be ceded to the U.S.S.R.
11.	Hausbrunn	D.E.A.	350
12.	Drasenhofen (area on Austrian territory)	Kohle Oel Union	8,000
13.	Ameis	Preussag	7,000
14.	Siebenbrunn	Elverat	5,000
15.	Leis	Itag	14,800
16.	Korneuburg	Ritz	30,000
17.	Klosterneuburg (50% of the area)	E.P.G.	7,900
18.	Oberlaa	Preussag	51,400
19.	Enzersdorf	Deutag	25,800
20.	Oedenburger Pforta	Kohle Oel Union	55,410
21.	Tulln	Donau Oel	38,070
22.	Kilb (50% of the area)	E.P.G.	18,220
23.	Pullendorf	Kohle Oel Union	60,700
24.	Nord Steiermark (50% of the area in the Soviet Zone)	E.P.G.	55,650
25.	Mittel Steiermark (area in the Soviet Zone)	Wintershal	9,840
26.	Goesting (50% of the area)	E.P.G.	250
Total		26 Concessions	766,340 ha.

Note: A. All the properties of the above mentioned oil exploration areas shall be transferred to the Soviet Union.

B. The right of ownership and leasehold rights to all the properties of the above-mentioned oil exploration areas shall be transferred to the Soviet Union to the extent that any natural or juridical person who owned these oil exploration areas, exploited them or participated in the exploitation, had rights in, title to, or interest in the said properties.

In cases where any property was held on lease, the periods of the leases, as provided for in the lease agreements, shall be calculated from the date of the entry into force of the present Treaty, and the lease agreements cannot be terminated without the consent of the Soviet Union.

LIST No. 3

OIL REFINERIES IN EASTERN AUSTRIA THE PROPERTY RIGHTS
TO WHICH ARE TO BE TRANSFERRED
TO THE SOVIET UNION

Serial No.	Name of the Refinery	Annual productive capacity in 1,000 tons of crude oil in 1947
1.	Lobau	240.0
2.	Nova	20.0
3.	Korneuburg	60.0
4.	Okeros (re-refining)	—
5.	Oil Refinery Moosbierbaum excluding the equipment belonging to France and subject to restitution.	
Total		420.0

Note : A. The properties of the refineries shall be transferred with all their equipment including technological installations, electric stations, steam generating plants, mechanical workshops, oil depots equipment and storage parks, loading ramps and river moorings, pipe lines including the pipe line Lobau-Zistersdorf, roads, approach roads, office and living quarters, fire fighting equipment, etc.

B. The right of ownership and leasehold rights to all the properties of the above-mentioned oil refineries shall be transferred to the Soviet Union to the extent that any natural or juridical person who owned these refineries, exploited them or participated in their exploitation, had rights in, title to, or interest in the said properties.

In cases where any property was held on lease, the periods of the leases, as provided for in the lease agreements, shall be calculated from the date of the entry into force of the present Treaty and the lease agreements cannot be terminated without the consent of the Soviet Union.

LIST No. 4

Undertakings in Eastern Austria engaged in the Distribution of Oil Products the Property Rights to which are to be Transferred to the Soviet Union :

Name of the Undertaking

1. Deutsche Gasolin A. G.—distributing branch in Austria G.m.b.H.
2. A. G. der Kohlenwerkstoffverband Gruppe Benzin-Benzol—Verband-Bochum-branch in Austria including the oil depot belonging to it at Praterspitz.
3. Nova Mineral Oel Vertrieb Gesellschaft m. b. H.
4. Donau-Oel G.M.b.H.
5. Nitag with the oil depot at Praterspitz.
6. Firms engaged in gas distribution Erdgas G. m. b. H. Ferngas A.G., Zaya Gas G.m.b.H., Reintal Gas G.m.b.H. and B. F. Methane G.m.b.H.
7. Oil depots Praterspitz Winter Hafen and Mauthausen.
8. Wirtschaftliche Forschungsgesellschaft m. b. H. (W. I. F. O.) Oil depot at Labau and plots of land.
9. Pipe Line Labau (Austria)—Raudnitz (Czechoslovakia) on the section from Lobau to the Czechoslovak frontier.

Note: A. The undertakings shall be transferred with all their property located in Eastern Austria, including oil depots, pipe lines, distributing pumps, filling and emptying ramps, river moorings, roads, approach roads, etc.

In addition, the property rights over the whole park of railway tank wagons now in the possession of Soviet organizations shall be transferred to the Soviet Union.

B. The right of ownership and leasehold rights to all the equipment of the above-mentioned undertakings situated in Eastern Austria and engaged in the distribution of oil products shall be transferred to the Soviet Union to the extent that any natural or juridical person who owned these undertakings, exploited them or participated in their exploitation, had right in, title to, or interest in the said equipment.

In cases where any property was held on lease, the periods of

the leases, as provided for in the lease agreements, shall be calculated from the date of the entry into force of the present Treaty, and the lease agreements cannot be terminated without the consent of the Soviet Union.

LIST No. 5

Assets of the D.D.S.G. in Eastern Austria to be Transferred to the Soviet Union.

1. Shipyard in the Town of Korneuburg.

The property rights of the shipyard in the town of Korneuburg situated on the left bank of the Danube at Kilometer 1943 and occupying territory on both sides of the old bed of the river Danube, with an aggregate area estimated at 220,770 square meters are to be transferred to the Soviet Union. The wharf area is equal to 61,300 square meters and the berth accommodation to 177 meters.

Furthermore, rights in the lease of the shipyard area of 2,946 square meters are to be transferred to the Soviet Union.

Property rights and other rights to all the equipment of the shipyard to the extent that the D.D.S.G. had rights, or title to or interest in the said equipment, including all plots of land, buildings, dockyards and ships, floating tackle, workshops, buildings and premises, power stations and transformer sub-stations railway sidings, transport equipment technological and operational equipment, tools and inventory communications and all communal welfare installations, dwellings houses and barracks, and also all other property belonging to the shipyard are to be transferred to the Soviet Union.

2. Areas of the Port of the City of Vienna.

(a) First Area (Nordbahnbruecke) :

Port area from point 1931, 347.35 kilometers along the course of the Danube to point 1931, 211.65 kilometers, including in it the Donau-Sandwerkplatz area, and from point 1931, 176.90 kilometers to point 1930, 439.35 kilometers along the course of the Danube, including in it the areas Nordbahnbruecke and

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

29. Land plot alongside house
Krems
30. Agency building
Hollenburg
31. Waiting room
Tulln
32. Agency building
Greifenstein
33. Shed
Korneuburg
34. Waiting room and booking office building
Hainburg
35. Living premises
36. Agency building
37. Warehouse
38. Land plot 754 square meters
Arnsdorf
39. Agency building
Landing Stages
40. Melkstrom
41. Isperdorf
42. Marbach
43. Weitsnegg
44. Deutsch-Altenburg
45. Zwentendorf
46. Kritzendorf

The property enumerated in Section III, is to be transferred with all equipment and inventory.

4. Property in the City of Vienna.

1. Living house at No. 11, Archduke Karl Square (formerly house No. 6), 2nd District, standing on its own land.
2. Freehold land and house at 204 Handelskai, 2nd District.
3. Freehold building plots in Wehlstrasse, 2nd District, Catastral Registry Nos. 1660, 1661, 1662.
4. Leased land plot at No. 286 Handelskai, 2nd District.

The property enumerated in Section IV, is to be transferred with all equipment and inventory.

Note to Sections II, III and IV-

The land, occupied by the Port area mentioned in Section II, of the present list, and also by the agency buildings, river stations, warehouses and other buildings, enumerated in Sections III and IV of the present list and also all property indicated in Sections II, III and IV are to be transferred to the U.S.S.R. on the same legal basis on which this land and other property were held by the D.D.S.G., with the proviso that the land and other property owned by the D.D.S.G. on 8th May 1945, pass into the ownership of the U.S.S.R.

In cases where agreements which established the legal basis for the transfer of land to the D.D.S.G. did not provide for the transfer to the D.D.S.G. of the ownership rights to this land, the Austrian Government shall be obliged to formalize the transfer to the U.S.S.R. of rights, acquired by the D.D.S.G. by such agreements, and to prolong the validity of the latter for an indefinite period with the proviso that in the future the validity of such agreements shall not be cancelled without the consent of the Government of the U.S.S.R.

The extent of the Soviet Union's liabilities in respect of these agreements is to be determined by agreement between the Government of the U.S.S.R. and the Government of Austria. These liabilities shall not exceed the liabilities undertaken by the D.D.S.G. in accordance with agreements concluded on or before 8th May 1945.

5. Vessels, Belonging to the D.D.S.G. Located in Eastern Austria and to be Transferred to U.S.S.R.

No.	Type of Vessel	Present Name	Old Name	Horse Power	Cargo carrying capacity
1.	Tug	Vladivostock	Persenbeug	1000	—
2.	Tug	Cronstadt	Bremen	800	—
3.	Passenger Steamer	Caucasus	Hellios	1900	—
4.	Dumb tanker barge	104	DDSG-01714	—	967
5.	Dumb tanker barge	144	DDSG-09756	—	974
6.	Dumb tanker barge	161	DDSG-05602	—	543

CONFERENCE DIPLOMACY: AUSTRIAN MODEL

No.	Type of Vessel	Present Name	Old Name	Horse Power	Cargo carrying capacity
7.	Dumb tanker barge	09765	DDSG-09765	—	952
8.	Dumb tanker barge	29	DDSG-XXIX	—	1030
9.	Dumb dry cargo barge	22	(Taken over after completion)	—	972
10.	Dumb dry cargo barge	23	(Taken over after completion)	—	972
11.	Dumb dry cargo barge	EL-72	DDSG-EL-72	—	180
12.	Dumb dry cargo barge	654	DDSG-67277	—	669
13.	Dumb dry cargo barge	639	DDSG-6566	—	657
14.	Dumb dry cargo barge	1058	DDSG-1058	—	950
15.	Dumb dry cargo barge	5016	DDSG-5016	—	520
16.	Dumb dry cargo barge	5713	DDSG-5713	—	576
17.	Dumb dry cargo barge	5728	DDSG-5728	—	602
18.	Dumb dry cargo barge	6746	DDSG-6746	—	670
19.	Dumb dry cargo barge	65204	DDSG-65204	—	650
20.	Dumb dry cargo barge	67173	DDSG-67173	—	670
21.	Dumb dry cargo barge	10031	DDSG-10031	—	942
22.	Dumb dry cargo barge	5015	DDSG-5015	—	511
23.	Dumb dry cargo barge	6525	DDSG-6525	—	682
24.	Dumb dry cargo barge	67266	DDSG-67266	—	680
25.	Lighter	304	Johanna	—	30
26.	Lighter	411	V-238	—	40
27.	Double funnel pontoon	RP-IV	RP-IV	—	—
28.	Double funnel pontoon	RP-VI	DDSG-RP-VI	—	—
29.	Double funnel pontoon	RP-XX	DDSG-RP-XX	—	—
30.	Landing stage	EP-97	DDSG-EP-9721	—	—
31.	Pontoon	EP-120	DDSG-EP-120	—	—
32.	Deckless Lighter	Trauner	Trauner	—	—
33.	Floating Crane	P-1	(nameless)	—	—
34.	Floating Crane	P-2	DDSG-21	—	—
35.	Pontoon	PT-7	—	—	—
36.	Pontoon	PT-8	—	—	—

Article 23

AUSTRIAN PROPERTY IN GERMANY AND RENUNCIATION
OF CLAIMS BY AUSTRIA ON GERMANY

1. From the date of the coming into of the present Treaty the property in Germany of the Austrian Government or of Austrian nationals, including property forcibly removed from Austrian territory to Germany after 12th March 1938 shall be returned to its owners. This provision shall not apply to the property of war criminals or persons who have been subjected to the penalties of denazification measures; such property shall be placed at the disposal of the Austrian Government if it has not been subjected to blocking or confiscation in accordance with the laws or ordinances in force in Germany after 8th May, 1945.

2. The restoration of Austrian property rights in Germany shall be effected in accordance with measures which will be determined by the powers in occupation of Germany in their zones of occupation.

3. Without prejudice to these and to any other disposition in favour of Austria and Austrian nationals by the Powers occupying Germany, and without prejudice to the validity of settlements already reached, Austria waives on its own behalf and on behalf of Austrian nationals all claims against Germany and German nationals outstanding on 8th May, 1945 except those arising out of contract and other obligations entered into, and rights acquired, before 13th March, 1938. This waiver shall be deemed to include all claims in respect of transactions effected by Germany during the period of the annexation of Austria and all claims in respect of loss or damage suffered during the said period, particularly in respect of the German public debt held by the Austrian Government or its nationals of currency withdrawn at the time of the monetary conversion. Such currency shall be destroyed upon the coming into force of the present Treaty.

Article 24

RENUNCIATION BY AUSTRIA OF CLAIMS AGAINST THE ALLIES

1. Austria waives all claims of any description against the

Allied and Associated Powers on behalf of the Austrian Government or Austrian nationals arising directly out of the war in Europe after 1st September, 1939, or out of actions taken because of the existence of a state of war in Europe after that date whether or not such Allied or Associated Power was at war with Germany at the time. This renunciation of claims includes the following :

- (a) Claims for losses or damages sustained as a consequence of acts of armed forces or authorities of Allied or Associated Powers ;
- (b) Claims arising from the presence, operations or actions of armed forces or authorities of Allied or Associated Powers in Austrian territory ;
- (c) Claims with respect to the decrees or orders of Prize courts of Allied or Associated Powers, Austria agreeing to accept as valid and binding all decrees and orders of such Prize Courts on or after 1st September, 1939 concerning ships or goods belonging to Austrian nationals or concerning the payment of costs ;
- (d) Claims arising out of the exercise or purported exercise of Belligerent rights.

2. The provisions of this Article shall bar, completely and finally, all claims of the nature referred to herein, which shall henceforward be extinguished, whoever may be the parties in interest. The Austrian Government agrees to make equitable compensation in schillings to persons who furnished supplies or services on requisition to the forces of Allied or Associated Powers in Austrian territory and in satisfaction of noncombat damage claims against the forces of the Allied or Associated Powers arising in Austrian territory.

3. Austria likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Austrian Government or Austrian nationals against any of the United Nations whose diplomatic relations with Germany were broken off between 1st September, 1939 and 1st January, 1945, and which took action in cooperation with the Allied and Associated Powers.

4. The Government of Austria shall assume full responsibility for Allied military currency of denominations of five schillings and under issued in Austria by the Allied Military Authorities, including

all such currency in circulation at the coming into force of the present Treaty. Notes issued by the Allied Military Authorities of denominations higher than five schillings shall be destroyed and no claims may be made in this connection against any of the Allied or Associated Powers.

5. The waiver of claims by Austria under paragraph 1 of this Article including any claims arising out of actions taken by any of the Allied or Associated Powers with respect to ships belonging to Austrian nationals between 1st September, 1939 and the coming into force of the present Treaty as well as any claims and debts arising out of the Conventions on prisoners of war now in force.

PART V

PROPERTY, RIGHTS AND INTERESTS

Article 25

UNITED NATIONS PROPERTY IN AUSTRIA

1. In so far as Austria has not already done so, Austria shall restore all legal rights and interests in Austria of the United Nations and their nationals as they existed on the day hostilities commenced between Germany and United Nation concerned, and shall return all property in Austria of the United Nations and their nationals as it now exists.

2. The Austrian Government undertakes that all property, rights and interests falling under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject as a result of the war with Germany and without the imposition of any charges by the Austrian Government in connection with their return. The Austrian Government shall nullify all measures of seizure, sequestration or control taken against United Nations property in Austria between the day of commencement of hostilities between Germany and the United Nation concerned and the coming into force of the present Treaty. In cases where the property has not been returned within six months from the coming into force of the present Treaty, applications for the return of property shall be made to the Austrian authorities not later than twelve months from the coming into

force of the Treaty, except in cases in which the claimant is able to show that he could not file his application within this period.

3. The Austrian Government shall invalidate transfers involving property, rights and interests of any description belonging to United Nations nationals, where such transfer resulted from force exerted by Axis Governments or their agencies between the beginning of hostilities between Germany and the United Nation concerned and 8th May, 1945.

4 (a) In cases in which the Austrian Government provides compensation for losses suffered by reason of injury or damage to property in Austria which occurred during the German occupation of Austria or during the war, United Nations nationals shall not receive less favourable treatment than that accorded to Austrian nationals; and in such cases United Nations nationals who hold, directly or indirectly, ownership interests in corporations or associations which are not United Nations nationals within the meaning of paragraph 8 (a) of this Article shall receive compensation based on the total loss or damage suffered by the corporations or associations and bearing the same proportion to such loss or damage as the beneficial interest of such nationals bears to the capital of the corporation or association.

(b) The Austrian Government shall accord to United Nations and their nationals the same treatment in the allocation of materials for the repair or rehabilitation of their property in Austria and in the allocation of foreign exchange for the importation of such materials as applies to Austrian nationals.

5. All reasonable expenses incurred in Austria in establishing claims, including the assessment of loss or damage, shall be borne by the Austrian government.

6. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts imposed on their capital assets in Austria by the Austrian Government or by any Austrian authority between the date of the surrender of the German armed forces and the coming into force of the present Treaty for the specific purpose of meeting charges arising out of the war or of meeting the costs of occupying forces. Any sums which have been so paid shall be refunded.

7. The owner of the property concerned and the Austrian Government may agree upon arrangements in lieu of the provisions of this Article.

8. As used in this Article :

(a) 'United Nations nationals' means individuals who are nationals of any of the United Nations, or corporations or associations organized under the laws of any of the United Nations, at the coming into force of the present Treaty, provided that the said individuals, corporations or associations also had this status on 8th May, 1945.

The term 'United Nations nationals' also includes all individuals, corporations or associations which, under the laws in force in Austria during the war, were treated as enemy.

(b) 'Owner' means one of the United Nations, or a national of one of the United Nations, as defined in sub-paragraph (a) above, who is entitled to the property in question, and includes a successor of the owner, provided that the successor is also a United Nation or a United Nations national as defined in sub-paragraph (a). If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law.

(c) 'property' means all movable or immovable property, whether tangible or intangible, including industrial, literary, and artistic property, as well as all rights or interests of any kind in property.

9. The provisions of this Article do not apply to transfers of property, rights or interests of United Nations or United Nations nationals in Austria made in accordance with laws and enactments which were in force as Austrian Law on 28th June, 1946.

10. The Austrian Government recognizes that the Brioni Agreement of 10th August, 1942 is null and void. It undertakes to participate with the other signatories of the Rome Agreement of 21st March, 1923, in any negotiations having the purpose of introducing into its provisions the modifications necessary to ensure the equitable settlement of the annuities which it provides.

Article 26

PROPERTY, RIGHTS AND INTERESTS OF MINORITY GROUPS
IN AUSTRIA

1. In so far as such action has not already been taken, Austria undertakes that, in all cases where property, legal rights or interests in Austria have since 13th March, 1938, been subject of forced transfer or measures of sequestration, confiscation or control on account of the racial origin or religion of the owner, the said property shall be returned and the said legal rights and interests shall be restored together with their accessories. Where return or restoration is impossible compensation shall be granted for losses incurred by reason of such measures to the same extent as is, or may be, given to Austrian nationals generally in respect of war damage.

2. Austria agrees to take under its control all property, legal rights and interests in Austria of persons, organizations or communities which, individually or as members of groups, were the object of racial, religious or other Nazi measures of persecution where, in the case of persons, such property, rights and interests remain heirless or unclaimed for six months after the coming into force of the present Treaty, or where in the case of organizations and communities such organizations or communities have ceased to exist. Austria shall transfer such property, rights and interests to appropriate agencies or organizations to be designated by the Four Heads of Mission in Vienna by agreement with the Austrian Government to be used for the relief and rehabilitation of victims of persecution by the Axis Powers, it being understood that these provisions do not require Austria to make payments in foreign exchange or other transfers to foreign countries which would constitute a burden on the Austrian economy. Such transfer shall be effected within eighteen months from the coming into force of the present Treaty and shall include property, rights and interests required to be restored under paragraph 1 of this Article.

APPENDIX ONE

Article 27

AUSTRIAN PROPERTY IN THE TERRITORY OF THE ALLIED AND ASSOCIATED POWERS

1. *The Allied and Associated Powers declare their intention to return Austrian property, rights and interests as they now exist in their territories or the proceeds arising out of the liquidation, disposal or realization of such property, rights or interests, subject to accrued taxes, expenses of administration, creditor claims and other like charges, where such property, rights or interests have been liquidated, disposed of or otherwise realized. The Allied and Associated Powers will be prepared to conclude agreements with the Austrian Government for this purpose.*

2. *Notwithstanding the foregoing provisions, the Federal People's Republic of Yugoslavia shall have the right to seize, retain or liquidate Austrian property, rights and interests within Yugoslav territory on the coming into force of the present Treaty. The Government of Austria undertakes to compensate Austrian nationals whose property is taken under this paragraph.*

Article 28

DEBTS

1. *The Allied and Associated Powers recognize that interest payments and similar charges on Austrian Government securities falling due after 12th March, 1938, and before 8th May, 1945, constitute a claim on Germany and not on Austria.*

2. *The Allied and Associated Powers declare their intention not to avail themselves of the provisions of loan agreements made by the Government of Austria before 13th March, 1938, in so far as those provisions granted to the creditors a right of control over the government finances of Austria.*

3. *The existence of the state of war between the Allied and Associated Powers and Germany shall not, in itself, be regarded as affecting the obligation to pay pecuniary debts arising out of obligations and contracts that existed, and rights that were acquired before the existence of the state of war, which became payable prior to the coming into force of the present Treaty, and*

which are due by the Government or nationals of Austria to the Government or nationals of one of the Allied and Associated Powers or are due by the Government or nationals of one of the Allied and Associated Powers to the Government or nationals of Austria.

4. Except as otherwise expressly provided in the present Treaty, nothing therein shall be construed as impairing debtor-creditor relationships arising out of contracts concluded at any time prior to 1st September, 1939, by either the Government of Austria or persons who were nationals of Austria on 12th March, 1938.

PART VI

GENERAL ECONOMIC RELATIONS

Article 29

1. Pending the conclusion of commercial treaties or agreements between individual United Nations and Austria, the Government of Austria shall, during the period of eighteen months from the coming into force of the present Treaty, grant the following treatment to each of the United Nations which, in fact, reciprocally grants similar treatment in like matters to Austria :

(a) In all that concerns duties and charges on importation or exportation, the internal taxation of imported goods and all regulations pertaining thereto, the United Nations shall be granted unconditional most-favoured-nation treatment ;

(b) In all other respects, Austria shall make no arbitrary discrimination against goods originating in or destined for any territory of any of the United Nations as compared with like goods originating in or destined for territory of any other of the United Nations or of any other foreign country ;

(c) United Nations nationals, including juridical persons, shall be granted national and most-favoured-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Austria. These provisions shall not apply to commercial aviation ;

(d) Austria shall grant no exclusive or preferential rights to

any country with regard to the operation of commercial aircraft in international traffic, shall afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Austrian territory, including the right to land for refuelling and repair, and, with regard to the operation of commercial aircraft in international traffic, shall grant on a reciprocal and non-discriminatory basis to all United Nations the right to fly over Austrian territory without landing. These provisions shall not affect the interests of the national defence of Austria.

2. The foregoing undertaking by Austria shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Austria prior to 13th March, 1938; and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that State.

PART VII

SETTLEMENT OF DISPUTES

Article 30

1. Any disputes which may arise in giving effect to the Article entitled 'United Nations Property in Austria' of the present Treaty shall be referred to a Conciliation Commission established on a parity basis consisting of one representative of the Government of the United Nation concerned and one representative of the Government of Austria. If within three months after the dispute has been referred to the Conciliation Commission no agreement has been reached, either Government may ask for the addition to the Commission of a third member selected by mutual agreement of the two Governments from nationals of a third country. Should the two Governments fail to agree within two months on the selection of a third member of the Commission, either Government may request the Heads of the Diplomatic Missions in Vienna of the Soviet Union, of the United Kingdom, of the United States of America, and of France to make the appointment. If the Heads of Mission are unable to agree within a period of one month

upon the appointment of a third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. When any Conciliation Commission is established under paragraph 1 of this Article, it shall have jurisdiction over all disputes which may thereafter arise between the United Nations concerned and Austria in the application or interpretation of the Article referred to in paragraph 1 of this Article and shall perform the functions attributed to it by those provisions.

3. Each Conciliation Commission shall determine its own procedure, adopting rules conforming to justice and equity.

4. Each Government shall pay the salary of the member of the Conciliation Commission whom it appoints and of any agent whom it may designate to represent it before the Commission. The salary of the third member shall be fixed by special agreement between the Governments concerned and this salary, together with the common expenses of each Commission, shall be paid in equal shares by the two Governments.

5. The parties undertake that their authorities shall furnish directly to the Conciliation Commission all assistance which may be within their power.

6. The decision of the majority of the members of the Commission shall be the decision of the Commission, and shall be if accepted by the parties as definitive and binding.

PART VIII

MISCELLANEOUS ECONOMIC PROVISIONS

Article 31

PROVISIONS RELATING TO THE DANUBE

Navigation on the Danube shall be free and open for the nationals, vessels of commerce, and goods of all States, on a footing of equality in regard to port and navigation charges and conditions for merchant shipping. The foregoing shall not apply to traffic between ports of the same state.

APPENDIX ONE

Article 32

TRANSIT FACILITIES

1. Austria shall facilitate as far as possible railway traffic in transit through its territory at reasonable rates and shall be prepared to conclude with neighbouring States reciprocal agreements for this purpose.

2. The Allied and Associated Powers undertake to support inclusion in the settlement in relation to Germany of provisions to facilitate transit and communication without customs duties or charges between Salzburg and Lofer (Salzburg) across the Reichenhall-Steinpass and between Scharnitz (Tyrol) and Ehrwald (Tyrol) via Garmisch-Partenkirchen.

Article 33

SCOPE OF APPLICATION

The Articles entitled 'United Nations Property in Austria' and 'General Economic Relations' of the present Treaty shall apply to the Allied and Associated Powers and to those of the United Nations which had that status on 8th May, 1945, and whose diplomatic relations with Germany were broken off during the period between 1st September, 1939 and 1st January, 1945.

PART IX

FINAL CLAUSES

Article 34

HEADS OF MISSION

1. For a period not to exceed eighteen months from the coming into force of the present Treaty, the Heads of the Diplomatic Missions in Vienna, of the Soviet Union, the United Kingdom, the United States of America and France, acting in concert, will represent the Allied and Associated Powers in dealing with the Government of Austria in all matters concerning the execution and interpretation of the present Treaty.

2. The Four Heads of Mission will give the Government of Austria such guidance, technical advice and clarification as may be

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

necessary to ensure the rapid and efficient execution of the present Treaty both in letter and in spirit.

3. The Government of Austria shall afford to the said Four Heads of Mission all necessary information and any assistance which they may require in the fulfilment of the tasks devolving on them under the present Treaty.

Article 35

INTERPRETATION OF THE TREATY

1. Except where another procedure is specifically provided under any Article of the present Treaty, any dispute concerning the interpretation or execution of the Treaty which is not settled by direct diplomatic negotiations shall be referred to the Four Heads of Mission acting under Article 34, except that in this case the Heads of Mission will not be restricted by the time limit provided in that Article. Any such dispute not resolved by them within a period of two months shall, unless the parties to the dispute mutually agree upon another means of settlement, be referred at the request of either party to the dispute to a Commission composed of one representative of each party and a third member selected by mutual agreement of the two parties from nationals of a third country. Should the two parties fail to agree within a period of one month upon the appointment of a third member, the Secretary-General of the United Nations may be requested by either party to make the appointment.

2. The decision of the majority of the members of the Commission shall be the decision of the Commission, and shall be accepted by the parties as definitive and binding.

Article 36

FORCE OF ANNEXES

The provisions of the Annexes shall have force and effect as integral parts of the present Treaty.

Article 37

ACCESSION TO THE TREATY

1. Any Member of the United Nations which on 8th May,

APPENDIX ONE

1945, was at war with Germany and which then had the status of a United Nation and is not a signatory to the present Treaty, may accede to the Treaty and upon accession shall be deemed to be an Associated Power for the purposes of the Treaty.

2. Instruments of accession shall be deposited with the Government of the Union of Soviet Socialist Republics and shall take effect upon deposit.

Article 38

RATIFICATION OF THE TREATY

1. The present Treaty, of which the Russian, English, French and German texts are authentic, shall be ratified. It shall come into force immediately upon deposit of instruments of ratification by the Union of Soviet Socialist Republics, by the United Kingdom of Great Britain and Northern Ireland, by the United States of America, and by France on the one part and by Austria on the other part. The instruments of ratification shall, in the shortest time possible, be deposited with the Government of the Union of Soviet Socialist Republics.

2. With respect to each Allied and Associated Power whose instrument of ratification is thereafter deposited, the Treaty shall come into force upon the date of deposit. The present Treaty shall be deposited in the archives of the Government of the Union of Soviet Socialist Republics, which shall furnish certified copies to each of the signatory and acceding States.

APPENDIX TWO

UNITED NATIONS : TREATY SERIES

ANNEX I

DEFINITION AND LIST OF WAR MATERIEL

The term 'war materiel' as used in the present Treaty shall include all arms, ammunition and implements specially designed or adapted for use in war as listed below.

The Allied and Associated Powers reserve the right to amend the list periodically by modification or addition in the light of subsequent scientific development.

CATEGORY I

1. Military rifles, carbines, revolvers and pistols ; barrels for these weapons and other spare parts not readily adaptable for civilian use.

2. Machine guns, military automatic or autoloading rifles, and machine-pistols ; barrels for these weapons and other spare parts not readily adaptable for civilian use ; machine gun mounts.

3. Guns, howitzers, mortars (minenwerfer), cannon special to aircraft, breechless or recoilless guns and flamethrowers ; barrels and other spare parts not readily adaptable for civilian use ; carriages and mountings for the foregoing.

4. Rocket projectors ; launching and control mechanisms for self-propelling and guided missiles and projectiles ; mountings for same.

than warships.

2. Landing craft and amphibious vehicles or equipment of any kind ; assault boats or devices of any type as well as catapults or other apparatus for launching or throwing aircraft, rockets, propelled weapons or any other missile, instruments or devices whether manned or unmanned, guided or uncontrolled.

3. Submersible or semi-submersible ships, craft, weapons, devices or apparatus of any kind, including specially designed harbor defense booms, except as required by salvage, rescue or other civilian uses, as well as all equipments, accessories, spare parts, experimental or training aids, instruments or installations as may be specially designed for the construction, testing, maintenance or housing of the same.

CATEGORY V

1. Aircraft assembled or unassembled, both heavier and lighter than air, which are designed or adapted for aerial combat by the use of machine guns, rocket projectors or artillery, or for the carrying and dropping of bombs, or which are equipped with, or which by reason of their design or construction are prepared for, any of the appliances referred to in sub-paragraph 2 below.

2. Aerial gun mounts and frames, bomb racks, torpedo carriers and bomb release or torpedo release mechanisms ; gun turrets and blisters.

3. Equipment specially designed for and used solely by airborne troops.

4. Catapults or launching apparatus for shipborne, land-or-sea-based aircraft ; apparatus for launching aircraft weapons.

5. Barrage balloons.

CATEGORY VI

Asphyxiating, vesicant, lethal, toxic or incapacitating substances intended for war purposes, or manufactured in excess of civilian requirements.

CATEGORY VII

Propellants, explosives, pyrotechnics or liquified gases destined

APPENDIX TWO

for propulsion, explosion, charging, or filling of, or for use in connection with, the war materiel in the present categories, not capable of civilian use or manufactured in excess of civilian requirements.

CATEGORY VIII

Factory and tool equipment specially designed for the production and maintenance of the materiel enumerated above and not technically convertible to civilian use.

ANNEX II

Having regard to the arrangements made between the Soviet Union and Austria, and recorded in the Memorandum signed at Moscow on April 15, 1955, Article 22 of the present Treaty shall have effect subject to the following provisions :

1. On the basis of the pertinent economic provisions of the April 15, 1955 arrangements between the Soviet Union and Austria, the Soviet Union will transfer to Austria within two months from the date of entry into force of the present Treaty, all property, rights and interests to be retained or received by it in accordance with Article 22, except the Danube Shipping Company (D.D.S.G.) assets in Hungary, Rumania and Bulgaria.

2. It is agreed that in respect of any property, right or interest transferred to Austria in accordance with this Annex, Austria's rights shall be limited only in the manner set out in paragraph 13 of Article 22.

APPENDIX THREE

CHRONOLOGY OF AUSTRIAN STATE TREATY NEGOTIATIONS

- 10 October 1943* : Moscow Declaration on Austria, pledged to re-establish an independent Austria.
- 1943-1945* : Allied Settlement in Austria, provisional government of Austria, Allied Control machinery.
- 27 June 1946* : Soviet order no. 17 transferring German assets in eastern Austria to the Soviet control.
- 12 July 1946* : Second session of the Paris Conference, Austria discussed.
West—for instructing the deputies to prepare a draft.
Soviet—for solving the question of denazification and displaced persons.
- 26 July 1946* : Austrian nationalization law, not operative in the Soviet zone.
- December 1946* : New York Council of Foreign Ministers.
(i) Austrian question to be taken up at Moscow in the spring of 1947.
(ii) Deputies instructed to prepare a draft.
- 14 January 1947 to 25 February 1947* : London Conference of Deputies.
Draft to consist of preamble and three parts :
(i) political,
(ii) economic, and
(iii) military.
Austria to be free with UN membership, economically viable state to be re-established, specific denial of Anschluss with

Germany. Soviet Union for reparations from Austria.

West and Austria against it.

Yugoslavia claiming Styria and Lower Carinthia. Differences over the military clauses—

(i) strength of the Austrian army

(ii) equipment —

(iii) foreign personnel in army and airforce.

German assets—UK-property commission to deal with the matter.

Soviet Union—German assets in Austria being German property to go to the Allies in partial reparation claims from Germany as per the Potsdam Agreement.

USA—Opposed it.

France—for clearer definition of the Potsdam Agreement.

At the end of the London Conference out of 63 Articles written report was available on 54 half of these were agreed upon.

10 March 1947 to 23 April 1947 : Moscow Council of Foreign Ministers. Deputies conference simultaneously. Tentative agreement on the strength of the army to 53,000 men. Soviet insisting on the equipment of the army with weapons of indigenous production, differences on displaced persons, war criminals, citizenship questions, Austrian property in the territories of the United Nations and United Nations' property on the territory of Austria.

Foreign Ministers discussed German assets and Yugoslav claims :

(i) Yugoslavia for territorial and reparations claims worth 150 million dollars.

(ii) Soviet Union for Yugoslav claims.

(iii) Austria against both of these.

(iv) France for allowing Yugoslavia to retain Austrian property found on its territory which should not be more than 150 million dollars.

USA for referring the treaty question to the UN.

Soviet Union for a treaty commission at Vienna.

12 May 1947 to 11 October 1947 : Treaty Commission at Vienna.

France for discussing the German assets on concrete basis. Cherriere plan laid down three bases for satisfying Soviet claims to German assets :

- (i) transfer of certain properties,
- (ii) of certain rights, and
- (iii) lumpsum.

Oil, DDSG and Banking concerns discussed. At the end of the conference disagreement still on :

- (i) German assets, and
- (ii) Yugoslav claims.

85 sessions of the commission in five months—15 out of fifty-three Articles short of complete agreement.

25 November 1947 to 15 December 1947 : Deputies Conference at London agreed to discuss :

- (i) German assets on the basis of the Cherriere plan,
- (ii) German and Austrian treaty questions separated, and
- (iii) deputies to further discuss the unagreed clauses of the draft.

20 February 1948 to 15 December 1948 : Deputies Conference at London. Military clauses—agreement on Austria equipping her army with foreign weapons. Allied war materiel in Austria to be returned to the Allies and German and Japanese to be destroyed. Boundaries—Austria and Yugoslavia invited to represent their cases.

Soviet Union supported Yugoslav claims. West opposed it—conference broke.

9 February 1949 to 10 May 1949 : Deputies Conference at London. Yugoslav claims supported by the Soviet Union despite Stalin-Tito rift. Differences on refugees, displaced persons and reparations and military clauses.

German assets—difference on the percentage of oil to be transferred to the Soviet Union.

West—for lumpsum 100 million dollars in cash or in kind, renounced their own claims to these.

Soviet Union—for 150 million dollars in hard currency.

Soviet—for relief debts to the liberating armies.

West—against it.

23 May 1949 to 20 June 1949 : Paris Session of the Council of Foreign Ministers. Agreements on :

- (i) Austrian frontiers, Soviets withdrew support to Yugoslav territorial claims.
- (ii) Soviet Union, granted 60% oil concession rights for extraction and exploration.
- (iii) also granted former DDSG assets in eastern Austria plus the external assets of the company.
- (iv) 150 million dollars to be paid in freely convertible currency over a period of six years.

All subject to more exact definition. Deputies instructed to complete work by 1 September.

1 July 1949 to 31 August 1949 : Deputies Conference at London :

- (i) Difference on safeguards to minorities.
- (ii) Displaced persons and foreign military personnel recorded disagreement.
- (iii) German assets differences on—(a) the amount and timing of each instalment of lumpsum to be paid, Soviet Union asked for guarantees about regular payment,
(b) movable and immovable property claimed by the Soviet Union,
(c) court of arbitration if treaty obligations not fulfilled,
(d) treasures of art of the United Nations in Austria.

Agreements on :

- (a) no reparations from Austria as such,
- (b) Allies to return Austrian property found on Allied territory, except Yugoslavia which was allowed to retain it,
- (c) Austrian property in Germany to be returned to Austria.

Report of the subcommittee on oil : differences on :

- (a) Soviet and Western estimates of oil,
- (b) Soviet for transferring entire industrial establishments under the oil assets, West opposed it,
- (c) the oil fields and refineries to be transferred to the Soviet Union.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

Report of subcommittee on DDSG :

Soviet Union claimed establishment of the subsidiary companies also, West opposed it.

Soviet Union given 36 out of 37 ships claimed by it, no agreement on the Vienna dockyard.

Broad agreement on the method of payment of 150 million dollars, difference on the exact day of payment of the first instalment.

Deputies had 18 unagreed Articles when they started work, 3 more were added during the London session, two months of work led to agreement on 8 Articles, 4 Articles were withdrawn, 9 Articles remained unagreed.

26 September 1949 to 14 December 1949 : Consultations of the Foreign Ministers and the following Deputies Conference at New York. Foreign Ministers instructed the Deputies to resume their work. Oil experts striving for an agreement. West conceded to Soviet demand on oil and DDSG assets, near agreement reached. 'Relief Debts' brought in at this stage. Austro-Soviet bilateral talks at Vienna reported failure. New York negotiations made dependent on the success of these. 243 meetings of the Treaty Deputies were over by 16 December 1949.

November 1949 : General elections in Austria—setback to the communist party.

9 January 1950 to 15 December 1950 : London Conference of Deputies. Throughout the year the deputies met to blame each other and postpone the meetings.

26-27 September 1950, 4-5 October 1950 : General strikes and their failure.

5 March 1951 to 21 June 1951 : Paris Conference of the Deputies to prepare an agenda for a Foreign Ministers Conference : no agreement as Soviet Union coupled Austria with Trieste.

21 January 1952 : A meeting of Austrian Treaty Deputies convened : Soviet Deputy did not attend it. Austrian demilitarisation and denazification insisted on before discussing the treaty.

- 13 March 1952 :** 'Short Treaty' drafted by the West and submitted to the Soviet Union.
 'Evacuation Protocol' of 8 Articles.
- 9 May 1952 :** Western note to Moscow, reminder to reply the note on 'Short Treaty'.
- 31 July 1952 :** Austrian Memorandum to the United Nations, an appeal to the UN members to induce the Big Four to evacuate Austria, followed by Gruber's visits to the Latin American states requesting them to initiate the question in the forum of the UN.
- 14 August 1952 :** Soviet Union rejected the 'Short Treaty' on the grounds that :
- (i) it did not guarantee the democratic rights and freedoms of the Austrian citizens,
 - (ii) no provision for the elimination of the nazi party and its affiliates,
 - (iii) omission of the economic clauses.
- 29 September 1952 :** West called a meeting to discuss these objections and offered to include Articles 7, 8, 9 and 17 from the long draft. Moscow refused, withdrawal of the Short Treaty made condition for participating in a conference.
- 11 November 1952 :** Plenary Meeting of the UN, Brazilian Foreign Minister asked the UN General Assembly to appeal to the Big Powers to fulfil their promise to Austria.
- 17 December 1952 :** Political Committee of the UN discussed the question. General Assembly to make a solemn appeal to the signatories of Moscow Declaration of 1943 to renew efforts to sign the treaty.
- 12 January 1953 :** Western note to the Soviet Union calling a meeting of Austrian Treaty Deputies at London.
- 27 January 1953 :** Soviet note to the West :
- (i) UN resolution illegal,
 - (ii) Austria asked to withdraw its note of 31 July 1952 to the UN supporting the Short Treaty,
 - (iii) West to withdraw the Short Treaty.
- 29 January 1953 :** No prior conditions accepted by the West, again called a meeting for 6 February 1953.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

- 6 February 1953* : Meeting of Treaty Deputies held, no progress reported, meeting dissolved on 9 February.
- 22 February 1953* : General elections in Austria, Communist party only 4% votes and 4 seats. Coalition of Socialists and Peoples' Party maintained.
- 5 March 1953* : Death of Stalin, change in Soviet attitude expected.
- 27 May 1953* : Western Foreign Ministers call a meeting of Treaty Deputies at London without any precondition.
Soviet Union opposed it :
- (i) body of Treaty Deputies incompatible,
 - (ii) suggested use of diplomatic channels.
- June 1953* : Gruber-Nehru meetings, India requested to initiate the question with the Soviet Union. Menon-Molotov talks, Austria asked to adopt permanent neutrality between East and West.
- 27 July 1953* : Western note to the Soviet Union, called a conference on Germany, in its first session to reach agreement on Austria.
- 30 July 1953* : Soviet note to Austria, asked to adopt neutrality.
- 31 July 1953* : Another Soviet note to Austria :
- (i) concessions in internal matters,
 - (ii) asked for the withdrawal of support to Short Treaty.
- 15 August 1953* : Soviet note to West stressed the necessity of a German settlement, skipped the Austrian question.
- 17 August 1953* : Western note to the Soviet Union, Treaty Deputies convened on 31 August 1953.
- 19 August 1953* : Austrian note to the Soviet Union :
- (i) withdrew support to short Treaty,
 - (ii) accepted the method of normal diplomatic channels.
- 28 August 1953* : Soviet note to the West :
- (i) body of Treaty Deputies incompatible,
 - (ii) asked for a categorical withdrawal of Short Treaty by the West and by Austria,
 - (iii) stressed the unavoidable connection of German and Austrian settlements.

- 2 September 1953* : Western note to the Soviet Union :
- (i) stressed the severance of German and Austrian problems,
 - (ii) called a meeting of the Four Foreign Ministers for 15 October 1953 at Lugano (Switzerland).
- 10 September 1953* : Austrian note to the Four Powers :
- (i) include Austria as an equal negotiating partner,
 - (ii) informed Austrian withdrawal of its support to Short Treaty,
 - (iii) emphasized not to accept a separate treaty with the West without the Soviet Union.
- 28 September 1953* : Soviet note to the West, no reference to Austria.
- 8 October 1953* : Anglo American announcement about the termination of Military Government in Zone A of the Free Territory of Trieste.
- 10 October 1953* : Austrian note to the Big Four asked for :
- (i) reduction of occupation troops,
 - (ii) alleviation of other occupation burdens.
- 18 October 1953* : Western note to the Soviet Union called a Foreign Ministers Conference at Lugano on 9 November 1953 to settle German and Austrian questions.
- 3 November 1953* : Soviet note to the West stressed Germany, Korea and disarmament for Austria suggested normal diplomatic methods.
- 16 November 1953* : Western note to the Soviet Union renewed invitation for a Foreign Ministers Conference on Germany and Austria.
- 25 November 1953* : Western note to the Soviet Union suggested three alternatives for the Austrian question :
- (i) a foreign ministers' conference,
 - (ii) a deputies conference,
 - (iii) normal diplomatic channels.
- 26 November 1953* : Soviet note accepted foreign ministers conference to be held at Berlin, final date fixed as 25 January 1954.
- 5 January 1954* : Austrian note to the Four Capitals asking for Austrian participation as an equal negotiating partner.

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

- 16 January 1954* : Soviet acceptance of Austrian direct participation.
- 25 January 1954 to 18 February 1954* : Berlin Conference of Foreign Ministers.
- 12 February* : Austrian question discussed.
- Soviet :
- (i) Austria to adopt military neutrality,
 - (ii) acceptance of 150 million dollars in deliveries of goods,
 - (iii) protracted occupation of Austria except the city of Vienna till the German treaty signed.
 - (iv) Anschluss activities to be banned.
- Austria and West :
- (i) neutral status if Austria itself declares it,
 - (ii) protracted occupation rejected.
- 18 February 1954* : Austrian concessions for securing the troops withdrawal :
- (i) extended the maximum frist of troops withdrawal after the coming into force of the treaty from 90 days to over an year.
 - (ii) offered continued post treaty supervisory rights to the Four Powers jointly.
- Both the offers rejected—no agreement reached.
- 31 March 1954* : Soviet call for a conference of all European states for a system of European security—US and China to be observers.
- 26 April 1954 to 21 July 1954* : Geneva Conference on Korea and Indochina. Korea reported disagreement.
- Laos and Cambodia—neutralized.
- Vietnam—partitioned.
- 7 May 1954* : Western note suggested Austrian Treaty to be discussed.
- 16-19 June 1954* : Chancellor Raab's visit to UK.
- 24 July 1954* : Soviet note again renewed the call for a conference on collective security in Europe.
- 6 August 1954* : Western note to Soviet Union, call for an Ambassadors' Conference to discuss alleviation of occupation burdens on Austria.

CONFERENCE DIPLOMACY AUSTRIAN MODEL

- (i) acceptance of military neutrality,
- (ii) final solution in the conference of all the Four,
- (iii) Austrian Treaty to be dealt with exclusively

24 March 1955 Bischoff Molotov talks, Soviet note to Austria handed over

- (i) measures to be taken if a direct threat of Anschluss arises,
- (ii) definite date of all troops withdrawal to be decided,
- (iii) verbal invitation for Austro Soviet preliminary talks at Moscow

28-29 March 1955 Consultations of the Austrian Government with its Ambassadors accredited to the Four capitals

5 April 1955 Western tripartite declaration on Austria

- (i) Austrian question could be settled on the basis of the Soviet announcement
- (ii) Four ambassadors at Vienna and Austria to discuss issues still disputed, provided Austro-Soviet talks bring a clear promise of restoration of Austrian independence

6 April 1955 Austrian Government's announcement to keep the West informed about Austro Soviet talks

12-15 April 1955 Austro Soviet talks, Soviet Union agreed to

- (i) withdrawal of all troops not later than 31 December 1955,
- (ii) accepted 150 million dollars in deliveries of goods,
- (iii) return all DDEG assets for appropriate compensation, oil assets to be returned in exchange of deliveries of crude oil,
- (iv) prepared to waive relief debts if Austria waived claims for occupation costs,
- (v) repatriate all Austrian citizens in Soviet custody before troops withdrawal completed

Austria agreed

- (i) permanent military neutrality and bilateral settlement of economic clauses,
- (ii) emphasized final settlement with Western participation only

19 April 1955 Soviet note to the West, call for a Foreign Ministers conference with Austria at Vienna to conclude the Treaty

22 April 1955 Western note to the Soviet Union, call for an

APPENDIX THREE

Ambassadorial conference at Vienna to begin on 2 May 1955 for preparatory work—Foreign Ministers to meet if agreement reported.

2-12 May 1955 : Ambassadors' Conference at Vienna.

West—insisting on dropping Articles 16 and 17.

Art. 16 repatriating only willing displaced persons.

Art. 17 limiting Austrian army.

Soviets conceded :

Art. 42—West demanded restitution of the property of their nationals which was forcibly taken over by the nazis, settled in bilateral agreements with Austria outside the Conference.

Serious disagreement on :

(i) economic clauses,

(ii) specific Four Power guarantee of Austrian neutrality.

12 May 1955 : Compromise struck, Soviets accepted :

(i) inclusion of the Austro-Soviet economic clauses as an Annex to the Treaty,

(ii) not to press for specific Four Power guarantee.

Complete agreement announced, 11 Articles and 3 Annexes struck off.

14 May 1955 : Consultations of Foreign Ministers at Vienna—a clause in the preamble reminding Austria of its responsibility for participation in the war on the side of nazi Germany was deleted at the insistence of Austria and with the support of the Soviet Union.

Treaty of Friendship, Cooperation and Mutual Assistance signed at Warsaw among the east European states and the Soviet Union.

15 May 1955 : State Treaty for the re-establishment of sovereign independent and democratic Austria signed at Vienna.

27 July 1955 : Last ratification of the Treaty received.

21 October 1955 : Withdrawal of all occupation troops completed with the US troops leaving Salzburg.

26 October 1955 : Neutrality law passed by the Austrian Parliament.

14 December 1955 : Austria admitted to the United Nations.

SELECT BIBLIOGRAPHY

PRIMARY SOURCES

I. GOVERNMENT DOCUMENTS

Bundesministerium fuer Unterricht, *Oesterreich Frei : Dokumente* (Wien, 1955).

—*Freiheit Fuer Oesterreich : Dokumente* (Wien, 1955).

—*Oesterreich Freies Land Freies Volk : Dokumente* (Wien, 1957).

Department of State, *Foreign Ministers' Meetings : Berlin Discussions, January 25—February 18, 1954* Publication 5399, (Washington, 1954).

—*The Austrian State Treaty : An Account of the Postwar Negotiations together with the Text of the Treaty and related Documents* Publication 6437, (Washington, 1957).

—*Foreign Relations of the United States, Diplomatic Papers : The Conference of Berlin (The Potsdam Conference)* (Washington, 1960).

Department of State Bulletin 1943–1955 (Washington).

Federal Press Service, *Red-White-Red Book : Justice for Austria* (Vienna, 1946), Part I.

Gazette of the Allied Commission for Austria 1945–1955 (Vienna).

His Majesty's Stationery Office (London), *Command Papers* Nos. 6958, 7729, 8392, 9080, miscellaneous no. 5, 9288, 9239, 9304 miscellaneous no. 32.

Oesterreichische Presse Dienst, *Die Verhandlungen ueber den Oesterreichischen Staatsvertrag* (Wien, 1955).

Staatsgesetzblatt fuer die Republik Oesterreich, 1945–1955 (Wien).

Yugoslav Ministry of Foreign Affairs, *Documents on the Carinthian Question* (Belgrade, 1948).

II. OTHER DOCUMENTS

Arbeitsgemeinschaft fuer Osteuropaforschung, *Die Sowjetregierung und der Oesterreichische Staatsvertrag, Berichte und Dokumente 1943-1953* (Wien, 1953).

Figl, Leopold., *Oesterreich Kampf um den Staatsvertrag* (Speech at the London Conference of 1947) (Wien, 1949).

Halborn, H., *American Military Government* (Washington, 1947).

Kyriak, T. E., (Compiler,) *The Allied Commission for Austria* (Official Minutes of the 538 Meetings of Allied Council and its Executive Committee) (Microfilm, Maryland, 1958-1960).

Molotov, V. M., *Speeches and Statements made at the Moscow Session of the Council of Foreign Ministers* (London, 1947).

—*The Berlin Conference* (Speeches and Statements) (London, 1954).

Official Records of the General Assembly of the United Nations, Session 7, Plenary Meeting 394 ; Session 7, First Committee Meetings 553, 554, 555 and 556.

Oesterreichische Zeitung, *Sowjetpolitik gegenueber Oesterreich : April 1945—April 1947, Eine Dokumentensammlung* (Vienna, 1947).

Royal Institute of International Affairs, *Documents on International Affairs, 1945-1955* (London).

III. MEMOIRS

Byrnes, J. F., *Speaking Frankly* (Toronto, 1947).

Churchill, W. S., *The Second World War : The Gathering Storm* (London, 1948).

—*The Second World War : Closing the Ring* (London, 1952).

—*The Second World War : Triumph and Tragedy* (London, 1956).

—*The Second World War and an Epilogue on the years 1945 to 1957* (London, 1959).

Clark, M. W., *Calculated Risk* (New York, 1950).

Gruber, K., *Zwischen Befreiung und Freiheit, Der Sonderfall Oesterreich* (Wien, 1953).

- Helmer, O., *50 Jahre erlebte Geschichte* (Vienna, 1957).
- Menon, K. P. S., *Flying Troika* (London, 1963).
- Molden, O., *Der Ruf des Gewissens : Der Oesterreichs Freiheitskampf 1938-1945* (Wien, 1958).
- Programm Oesterreichs : Die Grundsätze und Ziele der Oesterreichischen Volkspartei* (Wien, 1949).
- Protokol des dritten Parteitages der SPOe* (Sozialistische Partei Oesterreich) (Wien, 1947).
- Renner, K., *Denkschrift der provisorischen Staatsregierung der Republik Oesterreich ueber die Organisation der Zusammenarbeit der Militaerischen und Zivillien Behoerden* (Wien, 1945).
- *Oesterreich von der ersten zur zweiten Republik* (Vienna, 1953).
- Schaerf, A., *April 1945 in Wien* (Wien, 1948).
- *Oesterreichs Erneuerung 1945-1955, Das erste Jahrzehnt der Zweiten Republik* (Wien, 1960).
- Smith, W. B., *Moscow Mission 1946-1949* (London, 1950).
- Wimmer, L., *Zwischen Ballhausplatz und Downing Street* (Wien, 1958).

SECONDARY SOURCES

I. BOOKS

- Arora, S. K. and Lasswell, H. D., *Political Communications : The Public Language of Political Elites in India and the United States* (New York, 1969).
- Bader, W. B., *Austria Between East and West 1945-1955* (California, 1966).
- Balfour, M. and Mair J., *Four Power Control in Germany and Austria 1945-46* (London, 1956).
- Barghoorn, F. C., *Soviet Foreign Propaganda* (Princeton, 1964).
- Bell, C., *Negotiations from Strength : A Study in the Politics of Power* (London, 1962).
- Black, C. E. and others, *Neutralization and World Politics* (Princeton, 1963).
- Blair, E., *Peace Through Negotiations : The Austrian Experience* (Washington, 1966).

SELECT BIBLIOGRAPHY

- Boulding, K. E., *Conflict and Defence : A General Theory* (New York, 1962).
- Brook-Shepherd, G., *Austrian Odyssey* (London, 1957).
- Callieres, Monsieur De, *On the Manner of Negotiating with Princes*, A. F. Whyte, trans. (Paris, 1716 ; Indiana, 1963).
- Chamberlain, N. W. and Kuhn, J. W., *Collective Bargaining* (New York, 1965).
- Chowdhary, S. R., *Military Alliances and Neutrality in War and Peace* (New Delhi, 1966).
- Clute, R. E., *The International Legal Status of Austria : 1938-1955* (The Hague, 1962).
- Dennet, R., and Johnson J. (eds), *Negotiating with the Russians* (Boston, 1951).
- Ermacora, F. (ed.), *Oesterreichs Staatsvertrag und Neutralitaet* (Frankfurt, 1957).
- Fischer, R. (ed.), *International Conflict and Behavioural Science* (New York, 1964).
- Graebner, A., *Cold War Diplomacy 1945-1960* (New York, 1962).
- Grayson, C. T., Jr., *Austria's International Position 1938-1953 : The Re-establishment of an Independent Austria* (Geneva, 1953).
- Hantsch, H., *Geschichte der Republic Oesterreichs*, Vols. I and II (Wien, 1959).
- Hassinger, H., *Oesterreichs Wesen und Schicksal verwurzelt in seiner geographische Lage* (Wien, 1949).
- Helmer, O., *Oesterreichs Kampf um die Freiheit* (Wien, 1949).
- Hiscocks, R., *The Rebirth of Austria* (London, 1953).
- Hinterhoff, E., *Disengagement* (London, 1959).
- Ikle, F. C., *How Nations Negotiate* (New York, 1964).
- Jedlicka, L., *Ein Heer in Schatten der Parteien* (Graz, 1955).
- Joy, C. T., *How Communists Negotiate* (New York, 1955).
- Kaufmann, J., *Conference Diplomacy : An Introductory Analysis* (Leyden, 1968).
- Kautilya, *Arthasastra*, R. Shamsastry trans. (Mysore, 1967).
- Kreisky, B., *Die Oesterreichische Neutralitaet* (Wien, 1960).
- Klener, F., *Putzchversuch Oder Nicht ?* (Wien, 1957).

- Klinberg, O., *The Human Dimensions of International Relations* (New York, 1964).
- Lall, A., *Modern International Negotiations : Principles and Practice* (New York, 1966).
- Lederer, I. J., *Yugoslavia at the Paris Peace Conference : A Study in Frontier Making* (London, 1962).
- Liska, G., *Imperial America : The International Politics of Primacy* (Baltimore, 1967).
- Mably, M. l'Abbe de., *About Principles of Negotiations* (The Hague, 1768).
- Numelin, R., *The Beginnings of Diplomacy* (London, 1950).
- Nicolson, H., *Diplomacy* (London, 1963).
- Rapoport, A., *Fight Games and Debates* (Michigan, 1960).
- Schelling, T. C., *The Strategy of Conflict* (Cambridge, 1960).
- Siegler, H., *Oesterreichs Weg zur Souveraenitaet, Neutralitaet, Prosperitaet 1945-1959* (Wien, 1959).
- Stearman, W. L., *The Soviet Union and the Occupation of Austria : Analysis of Soviet Policy in Austria* (Vienna, 1961).
- Verosta, S., *Die Internationale Stellung Oesterreichs 1938 bis 1947* (Wien, 1947).
- Wolfers, A. (ed.), *Alliance Policy in the Cold War* (Baltimore, 1959).
- Young, O. R., *Politics of Force : Bargaining during International crises* (Princeton, 1968).

INDEX

- Abstentionism, 140, 143-44
- Acheson, Dean, 70, 86, 92
- Allied Commission for Austria, 17, 22, 24, 37, 39, 44, 51, 116
- Allied Control Machinery, 15-16
- Allied Council for Austria, 17-18, 22, 24, 30, 93, 98, 102
- Allied Policy, 11, 24
- Allies, Western, 9, 11, 14, 16-17, 20, 32, 35, 45, 49, 84, 102-03, 135, 137, 139
- Anschluss, 10-11, 15, 27, 36, 40, 43-44, 69, 75, 114, 118, 124-26
- Assets, German External, 19-21, 31-32, 34, 37, 40, 42, 46, 49-50, 52, 55, 57, 69-70, 78-79, 142, 144
- Asymmetries, 64, 68, 85, 88, 139
- Austria, Lower, 17; Republic of, 1, 7, 15; Upper, 3, 13
- Balkans, 5, 12, 88, 103
- Bebler, Ales, 56, 64-66
- Bevin, British Foreign Secretary, 29, 42, 70, 86
- Bidault, French Foreign Minister, 30, 42-43, 83, 99, 115-16, 118-19
- Boundaries, Austrian, 55-56, 64, 66, 72
- Boundary question, 36, 44, 49
- Bulganin, 125
- Burgenland, 13, 15, 43
- Byrnes, U. S. Secretary of State, 28-30
- Caranwanken, 2, 14
- Carinthia, 14, 43, Lower, 38, 64-65
- Cherriere, General, 46-48, 50, 53; plan, 50-52
- Churchill, Winston, 89, 99, 119
- Clark, General, 24, 38, 41, 44
- Conference, Ambassadors, 129-31; of the deputies, 35, 38, 41, 52-56, 64-70, 72-81, 83-89; of Foreign Ministers, 17, 33-35, 50-51, 90, 122, 129.
- Control Agreement, Second, 20-22, 24, 30, 37
- Council of Foreign Ministers, 24, 27, 34, 41-46, 69-72, 99, 105, 108, 131-33
- Croat, 43, 65; minorities, 71-72, 77
- Danube River, 2, 29; Shipping Company (DDSG), 31, 47, 52, 54, 67, 71, 73, 76, 79, 128
- Declaration, London, 23, 32, 43, 47; Moscow, 12, 19, 21, 32, 41, 47, 92, 95, 141; Soviet, 15; Tripartite, 10
- Demilitarization, 21, 27, 39, 85, 94
- Denazification, 27, 30, 85, 94
- Deputy Foreign Ministers, 30, 35, 43, 90-91, 99
- Diplomacy, 62, 102, 110; Austrian, 34-35; Conference, 103, 136, 138; Correspondence, 97, 103; Memoranda, 105, 107
- Disarmament, 21, 107
- Disengagement, 50, 134, 137-39
- Displaced persons, 21, 30, 42, 66, 130; Dodge, Joseph L., 46
- Eden, Anthony, 10-11, 92, 103, 115, 119
- Eisenhower, President, 98, 107
- Elections in Austria, 81-82

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

- Europe, 2, 6-7, 24, 34, 51, 59, 61, 72, 87, 92, 108-09, 115-16, 121-22, 129, 132, 134, 137, 142, 144, 146; Central, 60, 138, 143
- European, Advisory Commission, 16; community, 103; defence system, 97, 111; Security, 119, 121-22
- Figl, Leopold, 18, 34, 37, 81, 86, 92, 114-15, 117-18, 120, 129, 132
- Floating dockyards, (DDSG) 53, 54
- Fontura, Foreign Minister of Brazil, 95
- French plan, 52-53
- German assets, 19-21, 31-32, 34
- Germans, 1-3, 6-7, 40, 84
- Germany, 2, 17, 24, 36, 41, 84, 88, 99, 102, 105, 108, 116-17, 119-20, 122, 124, 128, 132, 137, 139, 141
- Hitlerite, 10-11; Nazi, 10-11, 37
- Government, Austrian (of Austria), 21, 23, 27, 32, 40, 77, 84, 93-94, 97, 102, 106, 113, 114, 118, 122, 126, 129, 133, 135, 142-44; British (U.K.), 16, 20, 106; French, 106; Soviet, 92, 108, 110, 122; United States, 16, 20, 42
- Gromyko, 95
- Gruber, Karl, 11, 29-30, 34, 37, 45, 56, 65, 71, 86, 91-92, 94-95, 97, 100, 103, 106
- Habsburg, 2, 4, 14, 38, 60
- Helmer, Minister, 82, 103-04, 116
- Hitler, 7, 27, 34, 93
- Hungary, 2, 4, 13, 27, 41, 52, 67-68, 78, 123, 132, 145
- India, 111, 143
- Interallied Governing Authority (Commandatura), 17, 24, 120
- Intermediaries, 111
- Italy, 5, 7, 14
- Italian Government, 9, 107; peace treaty, 84-85, 90, 94
- Klagenfurt, 1, 14
- Koktomov, 51, 53
- Kreisky, 120
- Latin American States, 95, 111
- League of Nations, 38, 43
- Lump sum payment, 48, 54, 67-68, 114-15
- Mac mullan, 131
- Malik, Jacob, 99
- Malenkov, 94, 104, 113, 125
- Marjoribank, James, 40, 53, 65-66
- Marshall, General, 43-44
- Mediation, 94
- Military clauses, 39-40, 67
- Molotov, 10, 19, 29-30, 42, 44-45, 51, 101, 107, 115, 117, 125-26, 128
- Murville, Couve de, 41
- National Coalition Government, 15
- Nationalisation law, 24, 32
- NATO, 61, 69, 97, 99, 122, 124, 132-33, 144
- Nazis, 27, 43, 74, 85, 95, 124, 130, 141
- Negotiations, Austrian Treaty, 30-31, 33, 52, 54, 59, 83-84, 88, 95-96, 101, 104, 139; Four Power, 46; London, 41
- Nehru, Jawaharlal, 101
- Neutrality, 36, 87, 125, 129, 131-34, 145-46
- Neutralisation, 7, 98, 101, 111, 121, 134, 138, 142-43, 145
- Novikov, K., 46, 48
- Occupation, 10, 12, 17; burdens, 83, 106, 122, 143; costs, 102, 106, 111, 128; forces, 92, 146; troops, 36, 39, 44, 83, 96, 101, 111, 117-18, 126-28

- Occupying powers, 42, 74, 91-93, 97, 103, 105, 113, 127, 129, 135, 142
- Oil, assets, 128; exploration areas, 52; refineries 53, 76
- Ostmark, 3, 5, 7
- Otto, the Great, 4
- Ottoman, 4-5, 60
- Pan Germanic Propaganda, 38, 66
- Paris Agreements, 72
- Party of Austria, Communist, 18, 81-82, 100, 124, 139, 143; Socialist, 18, 82, 87, 100, 144; People's 18, 82, 87, 100
- Potsdam Agreement, 23, 31-32, 40-41, 47, 50, 66; Conference 17-20
- Powers, Four, 51, 62, 79, 88, 96, 102, 111, 114, 117-19, 122, 126, 128-29, 131, 140, 146; Western, 41, 49, 52, 64, 66, 76, 78, 83, 85, 89, 93, 95, 97-98, 102, 105, 107, 110-11, 113, 118-19, 121-22, 127, 129
- Provisional Government of Austria, 15, 17, 20-21
- Raab, Chancellor, 103, 106, 120, 126-27, 134
- Reber, Samuel, 53, 56, 65, 67, 73, 114
- Red Herring, 45, 80
- Relief debts, 68, 80-81
- Rendel, George, 46, 48
- Renner Karl, 15, 20, 87; government, 16-17, 19-21
- Reparations, 11, 18-19, 29, 32, 37, 42, 65, 72
- Resistance, 11, 14
- Roosevelt, President, 12
- Schaefer, Adolf, 11, 24, 27, 86, 92, 120
- Schumann, 70, 92
- 'Self-determination', 34, 63, 140, 142
- Slav, 3, 39, 56
- Slovene minority, 38, 71-72, 77
- Soviet claims, 51-52; control, 17; Order No. 17, 20, 23-24, 34
- Southern Redoubt, 14
- Stalin, 16, 19, 78, 83, 98, 109; gift, 68, 81, 128
- Styria, 15, 38
- 'Third Party', 57, 111
- Treaty, Abbreviated, 53, 105, 110; Austrian, 97, 98, 101-02, 104, 107, 115, 127, 139; Commission, 45-50; draft, 27, 29-31, 35, 78, 91, 117-18, 122, 131, 139; short, 50, 92-94, 97-98, 102, 104, 106, 110; State, 29-30, 35, 50, 59, 74, 83-85, 91, 95, 99, 102-03, 105, 108, 111, 113, 115-16, 118, 122, 125-28, 131-32, 134-36, 139, 145
- Trieste, 29, 84-85, 90, 93-94, 106
- Troops, Soviet, 80, 83, 120, 123, 132; Western, 83, 120; withdrawal, 37, 114, 116-17, 120, 123, 140, 143
- Truman, President, 83, 90, 144
- Tyrol, 3; South, 29, 33-35
- UNRRA, 27
- United Nations, 29, 36, 40, 66, 67, 85, 91-92, 94-97, 111-12, 130, 134, 142, 145
- Vienna, 1, 3, 5, 15, 45, 64, 76, 80, 83, 103, 116, 120, 122, 125-26, 129, 131-32; Congress of, 6; city of, 13-14, 17, 24, 116
- Vorarlberg, 1, 3
- Vyshinsky, 11, 16, 42, 70, 79
- War, 6-7, 36, 43, 60-61, 50, 110, 128, 134, 136, 140, 144; booty, 71, 73-74; material, 39, 55, 67, 138
- Warsaw pact, 132-33
- Yalta Agreement, 12, 47
- Yugoslav claims, 43, 52, 55, 65, 71; territorial claims, 38, 41-43, 57, 78

CONFERENCE DIPLOMACY : AUSTRIAN MODEL

- Yugoslavia, 1, 14, 64, 71, 76, 123
- Zarubin, 65-66, 72-73, 81, 84-85
- Ziesterdorf oil company, 43, oil fields, 20-21, 47, 53
- Zone eastern, 40 French, 106, 111, Soviet occupation, 23-25, 41, 112, 125, 143; of Austria 29; of Vienna (international), 40
- Zones, of occupation 12-13, 16-17 western, 40, 85, 91